



Daily Report

China

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Daily Report

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General

Foreign Ministry Holds Weekly News Briefing

On U.S. Call For Quota Talks

HK0601083694 Hong Kong AFP in English 0828 GMT
6 Jan 94

[Text] Beijing, Jan 6 (AFP)—China indicated Thursday it had yet to agree to a U.S. proposal for further talks on a dispute over textile quotas that could cost the Chinese side some 1.2 billion dollars in lost exports.

"We are now seriously studying the invitation from the US side," foreign ministry spokesman Wu Jianmin told a weekly press briefing.

Washington wants to cut China's textile quota by 25 to 35 percent to compensate for what it says are illegal exports trans-shipped through third countries.

An existing bilateral accord had been due to expire on December 31, but U.S. officials in Washington agreed to extend the deadline for imposing the quota cut to allow further talks in Washington in January. However, China has so far given no official confirmation that it will attend the talks.

"The officials of the two sides are now maintaining contacts with each other as regards some specific arrangements of the proposed visit," Wu said. "The Chinese side is always in favour of settling the question of Chinese exported textiles to the United States through negotiations," he added.

China exported 4.5 billion dollars' worth of textiles and clothing to the United States last year, accounting for some five percent of total exports. However U.S. officials have estimated that a further two billion dollars' worth was trans-shipped illegally.

'Worries' on Hong Kong 'Needless'

OW0601095294 Beijing XINHUA in English 0955
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—The incumbent employees of the Hong Kong Government do not need to worry about their jobs after 1997, a Chinese Foreign Ministry spokesman said here today.

Spokesman Wu Jianmin reiterated this position at a weekly press conference here this afternoon, when asked to comment on reports about worries some incumbent Hong Kong Government employees have about their status after 1997.

"As stipulated by the Basic Law of the Hong Kong Special Administrative Region, Hong Kong Government employees working in all departments before the establishment of the Special Administrative Region, shall retain their jobs, their seniority shall be preserved, and

the standard for their salaries, subsidies, fringe benefits and service conditions shall not be lower than before," Wu noted.

"Therefore, it is needless to have any worry in this connection," Wu said.

On Sino-British talks on Hong Kong, Wu said that China has made it clear to the British side that if the British side sincerely hoped for the restoration of the talks, it should withdraw the partial political reform package from the Legislative Council.

"The British side should have been more than clear about this position of the Chinese side. Therefore, one can say that the entire responsibility for the termination of the negotiations rests fully on the British side," he said.

"The position of the Chinese side concerning the talks remains unchanged. The door to the talks stays open. But the key is the attitude of the British side.

"Without withdrawing what has been submitted, it is not possible to have the talks resumed," Wu stressed.

Calls For 'Reform Bill' Withdrawal

OW0601095894 Beijing XINHUA Domestic Service in
Chinese 0903 GMT 6 Jan 94

[Text] Beijing, 6 Jan (XINHUA)—Foreign Ministry spokesman Wu Jianmin pointed out today: The British side can prove its sincerity about wanting to resume the talks only when it withdraws the partial "political reform bill" which has already been submitted to the Legislative Council from the latter's examination and discussion.

At a routine news briefing this afternoon, a reporter asked: Now that the British Hong Kong Government has already ruled out the possibility of Chris Patten withdrawing the political reform bill at the request of the Chinese side, is it still likely that China and Britain will resume their talks in such a situation? Wu Jianmin made the aforementioned remarks when answering the question.

Discusses Sino-French Relations, Cocom

OW0601122394 Beijing XINHUA Domestic Service in
Chinese 1028 GMT 6 Jan 94

[Text] Beijing, 6 Jan (XINHUA)—Foreign ministry spokesman Wu Jianmin said at a news briefing this afternoon: China hopes to restore the Sino-French relations at the earliest possible date on the basis of the principles for establishing diplomatic relations between the two countries.

When asked to comment on French Foreign Minister Juppe's recent reiteration on hoping to restore Sino-French relations as soon as possible, Wu Jianmin said: "We welcome the positive statement made by Foreign Minister Juppe. We have time and again made clear China's principled stand and positive attitude toward

improving the Sino-French relations. We hope to restore and develop the Sino-French relations at the earliest possible date on the basis of the principles for establishing diplomatic relations between the two countries."

When asked to comment on the prospect that a new organization would be set up after the Paris-based Cocom [Coordinating Committee for Multilateral Export Controls] is disbanded in early April and it would invite China to join in, he said: The Cocom is a product of the Cold War and should have been abolished earlier. Any new organization to be established after the Cocom is disbanded should be conducive to the development of economic and trade ties, scientific and technological cooperation, and exchanges between nations.

Japanese Foreign Minister To Visit 8-9 Jan

OW0601111094 Tokyo KYODO in English 1104 GMT 6 Jan 94

[Text] Beijing, Jan. 6 KYODO—A Chinese Foreign Ministry spokesman Thursday [6 January] called Sino-Japan relations "very good" and attached much importance to Japan's Foreign Minister Tsutomu Hata's upcoming visit to China.

"In 1993 Sino-Japanese trade reached a new historic level," Wu Jianmin said at his weekly news briefing. "Bilateral cooperation in all areas has been growing constantly and steadily, especially in the economic and trade fields where bilateral ties are maintaining strong momentum."

Wu said Hata's visit from January 8 to 9 will be the first high-level meeting between the two countries in 1994 and that China hopes the visit will "push forward" further developments.

Trade between the two countries is expected to have reached 30 billion dollars in 1993, up from 25.3 billion dollars in 1992.

Hata will hold meetings with key leaders, including President Jiang Zemin, Premier Li Peng and Foreign Minister Qian Qichen.

Hata also will hold his fourth overall meeting with Qian.

Cambodian Delegation To Visit 17-21 Jan

OW0601082094 Beijing XINHUA in English 0821 GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—At the invitation of Chinese Premier Li Peng, a delegation from the Government of the Kingdom of Cambodia led by First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen will pay an official visit to China from January 17 to 21.

A Foreign Ministry spokesman made the announcement at a weekly press conference here this afternoon.

U.S. Treasury Secretary To Visit Asia in Jan

OW0501204694 Beijing XINHUA in English 1958 GMT 5 Jan 94

[Text] Washington, January 5 (XINHUA)—U.S. Treasury Secretary Lloyd Bentsen was scheduled to embark on a visit to high-growth areas in Asia, including Indonesia, Thailand and China, later this month, the government said here today.

The visit, which will start "immediately" after the Moscow summit between U.S. President Bill Clinton and Russian President Boris Yeltsin, is the first by the U.S. Treasury Secretary in a year.

Bentsen, speaking here today, said his visit was to follow up on the progress made in Seattle last November during the ministerial meeting and informal leaders' meeting of Asia Pacific Economic Cooperation (APEC) forum.

"We must recognize that the United States has a substantial interest in the Pacific region," Bentsen said. "The Asia Pacific region today is the fastest growing economy in the world and we must be part of it."

The secretary said that his mission in the forthcoming tour was to finalize the APEC finance ministers' meeting scheduled this year, and was "about how each of us sees APEC as a vehicle to further growth and development."

Indonesia, with the fourth-largest population in the world, has an average real growth rate of six percent for the last 25 years, while Thailand's gross domestic product has been over seven percent for the past seven years.

The economic growth of China was estimated at 13 percent last year.

Radio International Listeners Number '200 Million'

OW0501142594 Beijing XINHUA in English 1347 GMT 5 Jan 94

[Text] Beijing, January 5 (XINHUA)—Listeners to China Radio International (CRI), China's overseas radio service, now number some 200 million around the world.

Sources at the radio station said that it received more than 554,000 letters from listeners in 173 countries and regions around the globe in 1993, 225,000 more than in the previous year.

The station calculates that it receives one letter per 300 to 500 listeners. This makes it one of the three-largest radio stations in the world in terms of the number of listeners.

Inaugurated September 11, 1947, the radio station now broadcasts in 38 languages besides standard Chinese, and the Cantonese, Hakka, Xiamen and Chaozhou dialects.

So far, more than 2,000 CRI listeners clubs have been established in 45 countries and regions, according to the sources.

U.S. Says DPRK To Allow Nuclear Inspections

*OW0501232094 Beijing XINHUA in English 2241
GMT 5 Jan 94*

[Text] Washington, January 5 (XINHUA)—A senior U.S. official said here today that the Democratic People's Republic of Korea (DPRK) has now agreed to accept an inspection of their seven declared nuclear sites.

"At the same time we have reason to believe that the North is prepared now to meet again with the South" in order to carry out the denuclearization agreement, said Lynn Davis, undersecretary of state for international security affairs, at a State Department news briefing.

Davis described the development as "very good news," saying a third round of discussions between the United States and the DPRK would take place after those two steps would have been taken.

The United States and the DPRK held two rounds of discussions separately in June and July last year and they also held five informal meetings last December in New York.

"So the most immediate step at this point is for the North Koreans to meet with the IAEA (International Atomic Energy Agency) and work out the details of those inspections of the seven declared sites," Davis said.

In the third round of discussions, Davis claimed, "we will be seeking to bring the North Koreans into full compliance with their obligations under the Nonproliferation Treaty, including the requirement to receive inspections at the two non-declared nuclear sites."

For the United States, it will "find ways to resolve once and for all our outstanding issues with respect to the nuclear policies of North Korea," Davis added.

United States & Canada

Delegation of U.S. Senators Continues Visit

Meets Qiao Shi

*CM0501184894 Beijing XINHUA Domestic Service in
Chinese at 1314 GMT on 5 Jan 94*

[Text] Beijing, 5 Jan (XINHUA)—Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress (NPC), met here today with a visiting U.S. Senate delegation headed by Bennett Johnston, chairman of its Energy and Natural Resources Committee.

Qiao had a friendly talk with the U.S. visitors on China's legislation and relations between the two countries.

Qiao noted that legislation, especially as regards the economy, is a major task of the NPC, adding that China is now building a socialist market economy and related laws should be made in China to consistently consolidate the socialist market economy.

Touching on Sino-U.S. relations, Qiao said that Sino-U.S. relations are very important, and China attaches great importance to developing relations with the United States.

He expressed the hope that the divergence [fen qi 0433 2978] between the two countries could be solved through consultation and dialogue.

Johnston noted that Sino-U.S. relations are very important, saying that he witnesses great changes in China each time he visits the country.

The United States hopes to see a strong, prosperous, secure and stable China, Johnston said. This will not only accord with China's interests but also with those of the United States, he added.

He said he hoped that China would perfect its legal system together with its economic development.

Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, was present on the occasion.

Li Peng Discusses Ties

*CM0501185794 Beijing XINHUA Domestic Service in
Chinese at 1402 GMT on 5 Jan 94*

[Text] Beijing, 5 Jan (XINHUA)—China and the United States share a wide range of common interests. Both sides should seize the opportunity created by the formal meeting between Chinese and U.S. head of governments to help maintain the sound momentum which has begun in relations, Premier Li Peng told a group of U.S. senators here this afternoon.

"China's door is open to you. I hope that after this visit you will know more about China and further explore many possibilities for bilateral trade and economic cooperation," Li said during the meeting with a U.S. Senate delegation led by Bennett Johnston, chairman of the Senate's Energy and Natural Resources Committee.

Li said a year of joint efforts has led to active improvements in Sino-American relations, especially as the formal conference between Chinese President Jiang Zemin and U.S. President Bill Clinton in Seattle was of great importance for the development of bilateral relations.

"To catch this opportunity to strengthen communications and cooperation in different fields and on different levels will not only be in the interests of our two countries and peoples but be helpful to the peace, stability and development of the whole world, and of Asia in particular," Li said.

Li said the differences between the two countries should be resolved on the basis of equality, mutual respect and seeking common points while preserving differences.

"The differences are in a less important position than that of our common interests, and should not affect bilateral relations on the whole," Li said.

He said China and the United States have common interests in preserving world peace and Asian stability, and promoting mutually beneficial cooperation in every field.

Li said that the trade and economics of the two countries are complementary, and it is in the best interests of both sides to enhance cooperation in these aspects.

As China is undergoing a large-scale modernization and foreign capital is entering more spheres, "we are glad to see that American enterprises in the manufacturing industries as well as some leading securities firms have ventured into China," he said.

Li held that China welcomes entrepreneurs from the United States as well as from other countries to invest in China's coal, electricity, oil, telecommunication and railway industries.

He said China has a huge market. In the next seven years China's imports will hit the 700 billion U.S. dollar-mark, which will render Sino-U.S. Cooperation in trade and economy promising.

"We believe that foresighted American statesmen and entrepreneurs will not remain aloof from this market or turn a deaf ear to this precious opportunity," Li said.

During the meeting Johnston said that now people have more reason to believe that it is in the best interests of both countries to build a strong and close relationship.

He said the development of bilateral trade will be invigorated when a permanent and formal relationship is set up between China and the United States and that the most-favored-nation trade status is no longer debated annually.

Johnston said that he will, as usual, do his best to promote bilateral, especially economic and trade, relations.

The delegation, which arrived in Beijing 4 January at the invitation of the Chinese Institute of Foreign Affairs, consists of 25 persons, including seven senators. It was reported that the visit in China by such a huge U.S. Senate delegation has been quite unusual.

As scheduled, during their five-day tour of China they will head for Guangzhou, the capital of south China's Guangdong Province, after winding up their stay in Beijing.

Senator Johnston on MFN

OW0501161094 Beijing XINHUA in English 1600
GMT 5 Jan 94

[Text] Beijing, January 5 (XINHUA)—Visiting chairman of the U.S. Senate's Energy and Natural Resources Committee Bennett Johnston said here today that it is "almost unthinkable not to give China MFN [most-favored nation] status" while China's economy is growing rapidly and the human rights situation here is improving.

He also called for the lifting of all U.S. sanctions on China so that American companies can compete in the growing China market.

Johnston made the remarks at a press briefing here this evening at the end of his delegation's two-day visit to Beijing.

During his stay here, Johnston said, the delegation had met Chinese Premier Li Peng and chairman of the Standing Committee of the Chinese National People's Congress Qiao Shi.

It also had discussions with Chinese officials from the Ministry of Foreign Trade and Economic Co-operation, the State Science and Technology Commission, and the Ministries of Electric Power and Coal, he said.

The China-U.S. relationship is the "single most important relationship", he said, adding that China is the fastest-growing nation and in the fastest-growing region in the world.

China has a great need for U.S. technology, he noted. "We wish more American technology and more U.S. dollars could be involved in China," he said.

He predicted that China would be part of the very competitive world market of the next century. "The nations successful economically in the next century will be those who compete successfully in China's market," he said.

On China's MFN status he stressed, "it is almost unthinkable not to give China MFN status."

U.S. Report on PRC Prison Exports

HK0601095894 Beijing RENMIN RIBAO in Chinese 6
Jan 94 p 6

["Short commentary" by Cang Mang (5547 5413): "A Wise Move"]

[Text] The U.S. Government journal, FEDERAL REGISTER, recently published the findings of an investigation which acknowledged that the Qinghe sock factory did not export its products to the United States, and that this is unlikely to happen in the future. Hence, the so-called "case of Beijing's Prison No. 1 exporting goods

to the United States"—which was concocted in 1991 by Wolf, a member of the U.S. House of Representatives—has finally come to light.

In Sino-U.S. trade and other bilateral ties, problems and misunderstandings of one kind or another may occur; this is quite natural. The problems can be resolved easily and misunderstandings can eventually be dispelled as long as the two sides respect each other and hold consultations based on equal footing, with sincerity and cooperation. With a serious and earnest attitude, the U.S. Federal Government, in cooperation with the Chinese Government, meticulously investigated and eventually drew realistic conclusions on the case, which had remained "unsettled" for more than two years.

On the question of prison goods, the policy of the Chinese Government is clear and its measures are resolute. As early as 10 October 1991, the Ministry of Foreign Trade and Economy and the Ministry of Judiciary jointly promulgated the "Regulations Reiterating the Ban on Export of Prison Goods." According to the provisions, prison enterprises do not have the right and are not allowed to carry out activities involving foreign trade and economy. Responsible officials of the Chinese departments concerned, emphasized this position on numerous occasions. Since the signing in Washington on 7 August 1992 of the "Memorandum of Understanding on Banning Exports of Prison Goods" between the representatives of China and the United States, the Chinese side has strictly enforced the relevant provisions of the memorandum. Meanwhile, China's concerned departments also offered positive cooperation to U.S. political figures, including Representative Wolf, during their visits to Beijing's Prison No. 1. All of this fully indicates the sincerity of the Chinese side in resolving the question of prison goods.

In recent years, U.S. Government and public figures have visited China one after another. Through what they have seen and heard, most of them have gained a practical understanding and an objective and a just appraisal of the tremendous progress made in China's reform over the past decade or so, which has further increased their confidence in the future of Sino-U.S. ties. Nevertheless, a handful of people still have prejudices against China. In spite of the facts, they spare no efforts to create trouble, mix up black and white, confuse the public, and harm Sino-U.S. relations, eventually resulting in an unpleasant conclusion. We hold that there should be more sincerity and less prejudice in order to improve Sino-U.S. ties.

Since the Sino-U.S. Seattle summit, a good development trend has appeared in Sino-U.S. relations. China is the largest developing nation, while the United States is the most developed nation in the world, and the two sides share a wide range of common interests. As long as both sides are sincere and make efforts to increase mutual understanding and trust, we believe that the obstacles in bilateral relations can be removed and that Sino-U.S. ties can be established on a solid basis.

U.S.-Funded Firm Praised for 'Fine Environment'
*OW0501144494 Beijing XINHUA in English 1418
GMT 5 Jan 94*

[Text] Shanghai, January 5 (XINHUA)—A U.S.-financed firm in the Pudong New Area, China's biggest economic development zone in Shanghai, was praised today here for its fine environment.

R.G. Hollifield, deputy general manager of the Sdupac company [name as received], and nine Chinese heads of different kinds of firms in the zone received the special awards here today.

Sdupac is the first joint venture the U.S. Dupont Company has funded in China. It went into production in November 1992.

The company mainly produces a weed killer called "nongdeshi".

Since its founding it has paid close attention to abiding by the local rules and regulations concerning safety, health and environmental protection in both its production and sales.

Efforts have also been made to guarantee the quality of its products. It sets aside 16 percent of its fixed assets for environmental protection, including the planting of trees and grass around the factory.

An official of the Pudong New Area said that one of the goals of the zone's development is to maintain a fine natural environment. All the new structures of the Pudong New Area will be extended into the next century. Sdupac has set a good example for other foreign-funded companies in the zone in protecting the environment.

Central Eurasia

Russia Appoints 3 New Deputy Foreign Ministers
*OW0501030194 Beijing XINHUA in English 0153
GMT 5 Jan 94*

[Text] Moscow, January 4 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin has appointed three new deputy foreign ministers to strengthen work toward Asia, Europe and the Middle East.

INTERFAX Agency today quoted an order dated on December 30 by Chernomyrdin as saying that Igor Ivanov, former ambassador to Spain, was named the first deputy foreign minister in charge of European affairs to replace Anatoliy Akamishin who resigned in late December.

Aleksandr Panov and Albert Chernyshev were appointed deputy foreign ministers in charge of the Asian affairs and the Middle East affairs respectively. Panov, former ambassador to South Korea, replaced Georgiy Kunadze who is reportedly to be the ambassador to South Korea. Chernyshev was the former ambassador to Turkey.

Yeltsin Seeks Communist's Cooperation

OW0601042594 Beijing XINHUA in English 0359
GMT 6 Jan 94

[Text] Moscow, January 5 (XINHUA)—Russian President Boris Yeltsin reportedly has written to a prominent Communist in the new parliament to seek his cooperation.

He is Anatoliy Lukyanov, who once served as the president of the former Supreme Soviet of USSR and has been accused of being involved in the August 19 coup attempt in 1991.

Lukyanov was elected into Russia's new parliament "The State Duma" last December as a candidate of the Russian Communist Party. He failed to appear before the special military tribunal in recent trials for health reasons.

In his letter to Lukyanov, Yeltsin said that there exists a "possibility of fruitful cooperation" between them.

Yeltsin suggested that Lukyanov "share the responsibility for the destiny of the Russian Federation and its citizens" and offer his advice on the relationship between president and parliament.

The episode was revealed today when the military tribunal resumed the trial of the accused in the August 19 incident, Ostankino State Radio and Television Broadcasting Company reported.

Since Lukyanov was elected into the new parliament, the tribunal has received letters calling for his immunity from trials.

The tribunal rejected the appeals on the ground that there is no special provisions in the Constitution concerning the criminal immunity for members of parliament.

Russia To Fight 'Mounting Organized Crimes'

OW0501051094 Beijing XINHUA in English 0252
GMT 5 Jan 94

[Text] Moscow, January 4 (XINHUA)—Russian law-enforcement agencies have decided to create a special bureau to coordinate the fight against mounting organized crimes, especially in Moscow and the second largest city of St. Petersburg.

First deputy Interior Minister Colonel-General Mikhail Yegorov told an international seminar today that the bureau will include specialists from all members of the Commonwealth of Independent States and cooperate closely with police authorities in the United States, Germany, Italy and other nations.

Yegorov said that "full-blooded" units of this nature have already gone into action in all the regions of Russia.

He reported that 2.8 million crimes were committed in 1993 in Russia. Although the overall growth is only

about one percent over the previous year, he noted, serious crimes such as murders and offenses with the use of fire arms are rising faster.

Last year, 26,000 murder cases and 20,000 fire arms offences were reported. But Yegorov did not give comparable figures for the previous year.

Criminal gangs have controlled about 40,000 businesses and state organizations in the country and multiplied their assets in recent years with forged advice notes, drug-trafficking and car and weapon smuggling.

According to Yegorov, gangsters from various groups clash daily for "spheres of influence".

From 600 to 700 cases of racketeering, 10 to 15 cases of hostage-taking and 30 to 35 armed gang clashes were recorded each month, he said.

He stressed that with many hardened offenders freed from jail, the expertise of criminals has been increasing. There are a total of 400,000 inmates in Russian prisons.

Russian Newspapers To Boycott Higher Costs

OW0501042094 Beijing XINHUA in English 0156
GMT 5 Jan 94

[Text] Moscow, January 4 (XINHUA)—More than 20 influential Russian newspapers have threatened to stop publishing for a week when the new parliament opens its first session and U.S. President Bill Clinton visits Russia.

The move, to be taken from January 11 to 17, is designed to protest against a November 25 government decree which increased the printing costs by five times.

The boycott was announced today at a press conference by editors-in-chief of these newspapers, including IZVESTIA, NEZAVISIMAYA GAZETA (INDEPENDENT NEWSPAPER) [INDEPENDENT GAZETTE], TRUD and KOMSOMOLSKAYA PRAVDA, as well as weekly magazine MOSCOW NEWS.

Outraged by the government decision, press leaders had written to Prime Minister Viktor Chernomyrdin on December 29, complaining that neither the newspapers nor their subscribers could afford the price hike.

Some editors-in-chief pointed out at the press conference that the government decision is essentially designed to suffocate the press.

Vsevolod Bogdanov, chairman of the Russian Press Association, said that they are forced to take the step. He added, however, that a final decision will be made according to the response from the government.

Russia Vigilant Against Lithuania's NATO Bid

OW0501173794 Beijing XINHUA in English 1648
GMT 5 Jan 94

[Text] Moscow, January 5 (XINHUA)—Russia has raised "vigilance" and "anxiety" over Lithuania's official request on Tuesday [4 January] for joining in the North Atlantic Treaty Organization (NATO).

The Russian Presidential Press Office issued a statement today, saying that President Boris Yeltsin was worried by the trend toward expanding the NATO bloc.

Such a trend contradicted the "declared intentions to build mutual relations on principles of trust, partnership and equilibrium," the statement said.

NATO's expansion by admitting Russia's neighbors will "provoke a negative response" and "contribute to the development of negative sentiments within civilian and military circles."

The statement added that Yeltsin believed that such a haste extension will in the long run "destabilize political and military situation" in the region.

Yeltsin expected that heads of NATO member states and the alliance will desert dual stances in dealing with those issues vital to the fate of the whole world and the interest of Russian people.

After disintegrations of the Soviet Union and Warsaw Pact, some East European countries and members of the Commonwealth of Independent States wanted to join in NATO to seek protection of security. But Russia strongly opposes these attempts, which, it says, is against Russia's interest.

Former Georgian President Said To Commit Suicide

OW0501133994 Beijing XINHUA in English 1315
GMT 5 Jan 94

[Text] Moscow, January 5 (XINHUA)—Former Georgian President Zviad Gamsakhurdia has committed suicide, INTERFAX news agency quoted his wife Manana as saying Wednesday [5 January].

Manana said in Grozny in southern Russia that her husband killed himself on December 31 in western Georgia, where he failed to make a political comeback last autumn.

Gamsakhurdia was ousted from power in January 1992 after a short civil war.

However, the report has yet to be confirmed.

Northeast Asia

Qiao Shi Talks With ROK Assembly Speaker

OW0601125294 Beijing XINHUA in English 1240
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress (NPC), expressed the conviction here today that there is great potential for co-operation between China and the Republic of Korea (ROK).

Qiao added that co-operation between the two countries will surely see faster development in 1994.

He made the remarks in a meeting with Yi Man-sop, speaker of the National Assembly of the ROK, and his party at the Great Hall of the People.

Yi and his delegation arrived here today as Qiao's guests.

Qiao noted that China and the ROK have had frequent contacts in the past, and that since the two countries set up diplomatic ties two years ago, such contacts, especially economic and trade ones, have recorded rapid development.

Moreover, the two parliaments have conducted multi-level exchanges, which have played a positive role in promoting the mutual understanding and friendship between the two parliaments and two peoples, Qiao added.

The current visit here by Yi and his delegation will surely promote the development of Sino-ROK friendship, he said.

The ROK has made remarkable achievements in its national modernization, Qiao said. "As its neighbor, we are interested in its economic development," he added.

He said that China welcomes ROK enterprises to invest and seek co-operation here.

During the meeting Yi expressed gratitude to Qiao for his invitation.

Yi said the ROK and China have a long tradition of friendship and that he had been looking forward to the current trip.

He expressed the belief that ROK-China co-operation would have an even brighter future.

After the meeting Qiao hosted a banquet in Yi's honor.

ROK Speaker's Departure for Beijing Reported

OW0601080894 Beijing XINHUA in English 0643
GMT 6 Jan 94

[Text] Seoul, January 6 (XINHUA)—South Korean National Assembly Speaker Yi Man-sop left here today

for Beijing to pay a one-week visit to China at the invitation of his Chinese counterpart Qiao Shi.

During his stay in China, Yi will meet Qiao, chairman of the Standing Committee of the National People's Congress, for talks on ways of promoting legislative exchanges and forging closer cooperation between the two countries.

He is also expected to meet Chinese President Jiang Zemin and Premier Li Peng to discuss closer bilateral economic partnership and other issues.

Yi, who is the first South Korean speaker to visit China, will also tour Shanghai, the largest industrial city in the country, on his way home.

Beijing Secretary Meets Japanese Businessmen

SK0601093694 Beijing BEIJING RIBAO in Chinese
25 Dec 93 p 1

[By Reporter Lian Gong (6647 0364): "Extensive Cooperation Helps Development of All Countries"]

[Text] On the evening of 24 December, Chen Xitong, secretary of the Beijing municipal party committee and honorary president of the municipal people's association for friendship with foreign countries, met with Wada Kazuo, president of Japan's Babaiban [name as transliterated] International Distribution Group, and Hashimoto Ikari, adviser to the group and former ambassador to China.

Chen Xitong extended a welcome to the Japanese friends and praised Mr. Hashimoto Ikari for his contributions to Sino-Japanese friendship when serving as the ambassador to China. He said: China and Japan are friendly neighbors, and their long-term friendly cooperation is conducive to the peace of Asia and the world. China's opening wider to the outside world, its economic development, and its greater cooperation with other countries will, instead of affecting its cooperation with Japan, help develop Sino-Japanese cooperation still better. China's development will not affect the development of other countries, and its effort to develop extensive cooperation will be helpful to the development of all countries.

During the meeting, Chen Xitong expressed congratulations and support to the establishment in Beijing the "Babaiban multi-national women's volleyball team," holding that sports will promote friendship. Both sides also discussed joint investment in establishing the "Beijing Babaiban International Material Exchange Center Company Limited."

Wada Kazuo said: I am very pleased to come to Beijing and find a very good cooperation partner. Chinese commodities are good and more of them will enter the world market. The Babaiban group wishes to sell more Chinese commodities.

Vice Mayor Lu Yucheng and others were present at the meeting.

Southeast Asia & Pacific

Liu Huaqing Begins Visit to Thailand, Indonesia

Beijing Departure Reported

OW0601083194 Beijing XINHUA in English 0802
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—General Liu Huaqing, vice-chairman of the Chinese Central Military Commission (CMC), and his party left here this morning for an official goodwill visit to Thailand and Indonesia.

Liu and his party have been invited by the supreme commander of the Thai armed forces, Air Chief Marshal Woranat Aphichari, and the commander-in-chief of the Indonesian armed forces, General Feisal Tanjung.

They were seen off at the airport by State Councillor and Defense Minister Chi Haotian, Chief of the General Staff of the Chinese People's Liberation Army (PLA) Zhang Wannian, Deputy Director of the General Office of the Chinese Communist Party Central Committee Hu Guangbao, Vice-Foreign Minister Tang Jiaxuan, Director of the General Office of CMC Cheng Jianning, as well as embassy officials of the relevant countries.

Liu's party includes Liu's wife Xu Hongxia, Deputy Chief of the General Staff of the PLA Xu Huizi and some other PLA leaders.

Arrives in Bangkok

OW0601094294 Beijing XINHUA in English 0929
GMT 6 Jan 94

[Text] Bangkok, January 6 (XINHUA)—Gen. Liu Huaqing, vice chairman of the Chinese Central Military Commission, and his party arrived in Bangkok this afternoon for a six-day official and goodwill visit to Thailand.

Liu, who is here as the guest of air chief Marshal Woranat Aphichari, supreme commander of the Thai armed forces, is the highest-ranking Chinese military leader to visit this country in recent years.

At the airport he was greeted by Thai deputy supreme commander General Prasert Sararit and other senior Thai government and military officials.

In a written statement distributed to reporters at the airport, Liu said that he has come to Thailand to promote mutual understanding and trust, and to develop friendship and cooperation between the two sides.

He added that the Chinese Government and armed forces hope to maintain, through joint efforts with their Thai counterparts, a sustained, steady and active progress in their friendly cooperation.

Shortly after his arrival, he is expected to meet with senior Thai government and military officials.

His entourage includes Lt. Gen. Xu Huizi, deputy chief of General Staff of the Chinese People's Liberation Army (PLA), and Lt. Gen. Tao Bojun, deputy commander of the Guangzhou command of the PLA.

Apart from Bangkok, Liu will visit some military facilities outside the capital.

Meets King Phumiphon Adunyadet

OW0601160494 Beijing XINHUA in English 1538
GMT 6 Jan 94

[Text] Bangkok, January 6 (XINHUA)—King of Thailand Phumiphon Adunyadet granted an audience at the Royal Palace to Liu Huaqing, vice chairman of the Chinese Central Military Commission.

Liu Huaqing arrived here this afternoon on a six-day official goodwill visit to Thailand.

During the very cordial talks, the king said Liu's visit to Thailand would be most beneficial to the promotion of the friendly ties between China and Thailand and between the armed forces of the two countries.

The king expressed approval of the Chinese armed forces taking part in national economic construction, especially of the development in China's remote areas.

The king also praised China's policy on religion.

Liu said in reply that stronger armed forces of China are aimed at self-defense: China will never seek hegemony, nor will it invade other nations China will not interfere in the internal affairs of others and will develop friendly ties with other countries on the basis of the five principles of peaceful coexistence.

Liu Huaqing hoped that the king, the queen and other members of the royal family will visit China.

Knighted by Prime Minister

OW0601161494 Beijing XINHUA in English 1559
GMT 6 Jan 94

[Text] Bangkok, January 6 (XINHUA)—On behalf his majesty the King Phumiphon Adunyadet, Thai Prime Minister Chuan Likphai conferred an Order of the Knight, First Class, to visiting Vice Chairman of the Chinese Central Military Commission Liu Huaqing.

Liu won the honor for the important contributions he has made towards the friendly ties between the armed forces and peoples of two countries.

During the meeting this afternoon, Chuan said he was pleased to see China's rapid growth and pointed out that China plays a vital role for the peace and stability in the Asia-Pacific region.

Chuan said that Thailand hopes to have an environment of peace and stability so that it can proceed with its national construction and with the task of improving the quality of the people's life.

Liu said in reply that China also hopes to have a peaceful and stable environment, which will benefit peoples of other countries as well.

Thai Princess Continues Visit

Meets Song Jian

OW0401134294 Beijing XINHUA in English 1331
GMT 4 Jan 94

[Text] Beijing, January 4 (XINHUA)—Thai Princess Maha Chakkri Sirinthon arrived here this afternoon for a two-week visit to China at the invitation of the Chinese Government.

It is the Thai princess' 5th China visit. Song Jian, state councillor and minister in charge of the State Science and Technology Commission, gave a feast in honor of the princess this evening in the Diaoyutai state guesthouse.

Talks with Li Peng

OW0501141694 Beijing XINHUA in English 1406
GMT 5 Jan 94

[Text] Beijing, January 5 (XINHUA)—China and Thailand have established close ties on the basis of mutual trust, and the prospects for bilateral co-operation are very bright, Chinese Premier Li Peng said here this evening when meeting with Thai Princess Maha Chakkri Sirinthon.

During their meeting, in the Diaoyutai state guesthouse, Li and Princess Sirinthon exchanged views on the development of the friendship between the two countries in recent years.

The leaders of the two countries have exchanged visits frequently since diplomatic ties were established 19 years ago, Li said, and Sino-Thai cooperation in all fields has expanded rapidly as a result.

Li said he appreciated the great efforts that the king and queen of Thailand have made in developing the co-operation between the two neighboring countries.

The Chinese side is satisfied with the rapid development of bilateral relations, Li said.

Princess Sirinthon conveyed greetings from the Thai king to Li Peng. She briefed Li on her visit today, saying that she appreciates very much the advanced technology applied in book protection and management in the National Library of China, which she visited for the second time this morning.

The princess said that she would introduce this technology to libraries in Thailand after she returns home to further enhance the cultural exchanges and understanding between the two countries.

After the meeting Li and his wife Zhu Lin gave a banquet in honor of the Thai princess.

Ren Jianxin Pays Visit to Indonesia, Singapore**Departs 4 Jan**

OW0401034994 Beijing XINHUA in English 0242
GMT 4 Jan 94

[Text] Beijing, January 4 (XINHUA)—President of the Chinese Supreme People's Court Ren Jianxin and his party left here today for a goodwill visit to Indonesia and Singapore.

Ren has been invited respectively by the president of the Supreme Court of Indonesia and the chief justice of the Supreme Court of Singapore.

Sees Chief Justice, Attorney General

OW0501120894 Beijing XINHUA in English 1152
GMT 5 Jan 94

[Text] Jakarta, January 5 (XINHUA)—Ren Jianxin, the visiting president of the Chinese Supreme People's Court, paid here today respective calls on Purwoto S Gandasubrata, Indonesian chief justice and Singgih, Indonesian attorney general and had cordial and friendly talks with them.

Making a briefing on China's work in strengthening legal system, Ren told the Indonesian chief justice that while the Chinese judicial officials summarize experiences on the field, they are also willing to learn and draw on the experiences of other countries including Indonesia.

Indonesian Chief Justice Purwoto extended warm welcome to President Ren's visit to Indonesia, saying the friendship between China and Indonesia dates back to ancient times.

He said that being big countries with large population, both China and Indonesia have enjoyed important positions on the Asian and international arenas. Cooperation on various fields will be beneficial to both countries, he added.

During the meeting with Attorney General Singgih, the two sides briefed each other on the characteristics and roles of each country's procuratorial organs. They also inquired into the common and different points in each other's procuratorial systems.

Ren and his entourage, upon an invitation of Indonesian Chief Justice Purwoto, arrived here on January 4 to pay a friendly visit to Indonesia. It is a return visit to former Indonesian Chief Justice Ali said, who paid a visit to China last year.

The president of the Chinese Supreme People's court told XINHUA that the aim of his visit to Indonesia is to

get a deeper understanding, enhance friendship and promote exchange and cooperation among judicial departments between the two countries.

West Europe**Qiao Shi Speaks on Ties With West Europe**

OW0501133794 Beijing XINHUA in English 1328
GMT 5 Jan 94

[Text] Beijing, January 5 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, said here today that it is his hope that his forthcoming visit to Germany, Switzerland and Austria will help promote the friendly ties and cooperation between China and those countries.

He made the remark at a meeting here this afternoon with the ambassadors of the three countries to China: German Ambassador Armin Freitag, Swiss Ambassador Dr. Erwin Schurtenberger and Austrian Ambassador Dr. Dietrich Bukowski.

Qiao is scheduled to pay an official goodwill visit to the three countries from January 16 to 30 at the invitation of the Presidium of the Bundestag of Germany, President Gert Haller of the National Council of the Federal Assembly of Switzerland and President Heinz Fischer of the National Council of Austria.

During the meeting, Qiao said he felt very pleased to have the chance to visit these three countries, adding, "though the visit will be paid in the winter season, I will go to the three countries full of enthusiasm. I am sure that I will be accorded a warm and friendly reception."

He said China and the three West European countries enjoy sound relationships in political, economic and other fields. "It is my aspiration that through the visits the mutual understanding and friendship will be further enhanced, and the relations between China and these three countries developed on the existing basis."

Qiao asked the ambassadors to convey his greetings and good wishes to the parliamentary and government leaders of the respective countries.

The three ambassadors shared the view that the relationship between China's NPC and the parliaments of the three countries is very good. Qiao's visit is bound to further promote this relationship and make a decisive contribution to state-to-state ties, they said.

Cao Zhi, secretary-general of the NPC Standing Committee, and Jiang Enzhu, vice minister of foreign affairs, took part in the meeting.

Political & Social

Zou Jiahua Announces New CAAC Leadership

OW0601113894 Beijing XINHUA in English 1130
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—Vice Premier Zou Jiahua today asked the Civil Aviation Administration of China (CAAC) to institute stricter management and more rigorous discipline to ensure safer air traffic.

At a meeting convened this morning at the headquarters of the CAAC, Zou Jiahua officially announced the appointment of the new leaders of the CAAC. Chen Guangyi, former provincial party secretary of Fujian, has been named as director of CAAC, while Jiang Zhuping, Yan Zhixiang, Li Zhao, Shen Yuankang and Bao Peide have been appointed as vice-directors.

In his speech, Zou reviewed the development of CAAC since the founding of New China, and praised the contributions of CAAC to the development of the national economy.

But he also pointed out that problems still exist in the country's civil aviation industry, and that CAAC should recognize its defects and improve its work.

Zou stressed that civil aviation work should continue to pursue the guiding principle of "safety first, normal flights and quality service," which was put forward by the late Premier Zhou Enlai. Even today the principle still bears immediate significance.

Zou reiterated the general purpose of civil aviation work, which is "serving the passengers, serving the development of the national economy," adding that passengers' opinions are the best gauge for CAAC's work.

Zou also urged the CAAC to develop a good style of work. The CAAC staff should be united, realistic, inventive and honest, he said.

CAAC's new director, Chen Guangyi, also made a speech at the meeting, saying that the CAAC has much to do to maintain air safety. All CAAC staff should be inspired with great enthusiasm to establish a good image in the world for CAAC.

Chen, aged 61, was vice-secretary and governor of Gansu Province until 1986 when he was transferred to be Communist Party secretary of Fujian Province. Last month he was appointed director of CAAC.

Li Ruihuan, Li Peiyao Attend Harbin Ice Festival

OW0501132194 Beijing XINHUA in English 1252
GMT 5 Jan 94

[Text] Harbin, January 5 (XINHUA)—The tenth ice and snow festival opened today in this capital of northeast China's Heilongjiang Province, featuring about 1,500 ice carvings.

Among those attending the opening ceremony were Li Ruihuan, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and chairman of the National Committee of the Chinese People's Political Consultative Conference, and Li Peiyao, vice-chairman of the Standing Committee of China's National People's Congress. They cut the ribbon for the festival.

The whole city was on holiday today, and residents thronged to view the ice lanterns and ice carvings.

The Ministry of Posts and Telecommunication today issued special postcards in honor of the festival.

About 20,000 cu m [cubic meters] of ice were used to make the ice carvings, and new technologies, light sources and materials were also employed to make the exhibits more attractive.

In addition, trading activities will be held during the festival. Commodities for trading will be worth tens of billions of yuan, more than at any of the previous festivals.

It is expected that hundreds of thousands of visitors from other parts of China as well as from the United States, Japan, the Republic of Korea, Canada, Singapore, Pakistan, Switzerland and other countries will attend the festival.

The first ice and snow festival was held in 1985.

Hu Jintao, Li Tieying Meet Worker Delegates

OW0501093894 Beijing XINHUA in English 0915
GMT 5 Jan 94

[Text] Beijing, January 5 (XINHUA)—Hu Jintao and Li Tieying, two high-ranking Chinese Communist Party (CPC) officials, today in Beijing met delegates from the workers who have been renovating the Potala Palace in Lhasa.

On behalf of the CPC Central Committee and the State Council, Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee, expressed greetings to all workers involved in the renovation.

The Potala Palace in Lhasa city, capital of Tibet Autonomous Region, had not been renovated for 300 years.

In 1988, the Chinese government decided to set up a leading group, headed by Li Tieying, member of the Political Bureau of the CPC Central Committee, to take charge of the renovation program.

The central government also allocated more than 50 million yuan and large quantities of materials to the project.

Work began in October 1989. By now 86 projects in the renovation program have been completed, and work on 17 is still going on.

Hu said that the Potala Palace is the outstanding work of Tibetan culture and one of the treasures in the culture of Chinese nation.

He said that the palace is not only the symbol of Tibet, but also marks the unity of the Tibetan people and the Han people.

He said that the palace renovation showed that the CPC and the government respect the excellent cultural tradition of Tibet and it also showed the party's policies toward nationalities and religion.

He urged the people working on the renovation to make greater efforts to complete it. After the renovation is completed, all departments concerned should strengthen the management of the palace so as to promote the unity of nationalities and to contribute to the development of Tibet.

Li Tieying, who is also a state councillor, said that the renovation program is a rarely-seen project in the world.

He said that the renovation with modern science and technology and Tibetan traditional techniques will certainly produce important impact at home and abroad.

According to a renovation group leader, in the past five years of renovation work, no ancient art or religious objects were damaged or lost.

When the renovation of the palace is completed, the government of the Tibet Autonomous Region is planning to hold celebrations.

Collection of Poems by Chen Yi Published

OW0601040994 Beijing XINHUA in English 0242 GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—A collection of poems written by late Marshal Chen Yi was published today in Beijing in memory of his death 22 years ago.

Known for his strategic talent and diplomatic acumen, Chen was also popular as a poet and "go" player.

Collected in the three-volume works are 453 poems (including traditional Chinese Ci) in chronological order—from the prime of his life to the revolutionary times and the construction period of New China.

Chen Haosu, the eldest son of Chen who compiled the books, said that it was his father's long-cherished wish to publish a collection of poems to depict his 50-year revolutionary career.

Chen Yi was among the ten soldiers who received the highest military ranks after the founding of the People's Republic of China in 1949. Later he became the second foreign minister of New China after Premier Zhou Enlai.

He died on January 6, 1972.

Book on 'Zhou Enlai, Mao Zedong Thought' Published

OW0601074494 Beijing XINHUA in English 0723 GMT 6 Jan 94

[Text] Tianjin, January 6 (XINHUA)—Zhou Enlai and Mao Zedong Thought, a 250,000-character work focusing on Zhou's contributions to the formation and development of Mao Zedong Thought in the revolutionary and construction periods, has been off the press.

Written by Professor Liu Yan and Professor Yang Shizhao of the Zhou Enlai Research Office of Nankai University in Tianjin, the book presents a large amount of historical data to show many of his pioneering practices and theories during the periods of new democratic revolution and socialist revolution.

They include the strategy for the Chinese revolution to surround cities from the countryside, an important part of Mao Zedong Thought, which could be seen from many of his speeches during the agrarian revolution when he served as a principal leading member of the Central Committee of the Communist Party of China.

Zhou Enlai died on January 8, 1976.

Beijing TV Airs Mao Centenary Documentary

Part Nine

OW0601081094

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1210 GMT on 21 December broadcasts the ninth of a twelve-part documentary entitled: "Mao Zedong." A series of editorial reports describing the content of the first eight parts of the documentary was published in the Political & Social section of the 30 December China DAILY REPORT, pages 25-33. The ninth part, which lasts for 50 minutes, is entitled: "Unique Perception of a Sentimental Poet," and focuses on Mao's literary attainments as a poet, revolutionary, and statesman.

After video shows an on-screen prologue read by an unidentified narrator: "A Westerner said: A poet has conquered New China...." the documentary begins with video shots of a construction site in Mao's birthplace, Shaoshan, where 100 stone tablets are engraved with Mao's poems—this project began in 1992 to commemorate his centennial. Video then shows interviews with French statesman Giscard d'Estaing, famed Japanese sinologist Nimoru Takeuchi, and leading Chinese writers who laud Mao as a poet-revolutionary who composed poems that rhymed with the rattling of guns on the battlefield. According to those interviewed, Mao's poems, which reflect the vicissitudes of Chinese and world history in the 20th century, were written mostly under adverse circumstances after he encountered setbacks during the Long March, and were filled with revolutionary enthusiasm and romanticism, as well as boldness of vision.

As the narrator reads and annotates passages of Mao's poems during four different periods of his life, namely, his youth, the War of Resistance Against Japan, the liberation war, and after the PRC's founding, video shows historical footage of events, and present-day places connected with Mao. The documentary devotes a lengthy portion to Mao's poem "Snow—To the Tune of Qin Yuan Chun," citing people concerned who recount the twists and turns prior to publication of the poem in Chongqing in November 1945. The narrator recites "Snow," which describes the beauty of the land, deplores illustrious Chinese emperors lack of literary grace, and says: "For truly great men, look to this age alone," thus displaying Mao's bold aspirations. The narrator goes on to describe the poem: "The People's Liberation Army Captures Nanjing," written in April 1949, as a brilliant work which declared an end to the Chiang Kai-shek dynasty and epitomized the advent of a new era. With the end of the war, Mao's poetry entered a new era. In the fifties, he wrote poems inspired by milestones in China's socialist construction, such as the Chang Jiang Bridge in Wuhan, the elimination of snail fever in Jianxi, and the peasants' harvests. From the early sixties on, his creative endeavors reached a new peak. As the international and domestic climate changed, most of his poems were full of militant spirit. His poetry, which also featured snow and flowers, frequently combined realism with romanticism. In addition to writing poems, Mao also strived to improve his brush painting which he used to write his poems; he was an accomplished calligrapher.

At 1300 GMT, the documentary concludes with the narrator acclaiming Mao's poems as expressions of his personal charisma, as real pictures of China's revolution and construction, and as a monument of 20th century Chinese history.

Part Ten

OW0601084394

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1210 GMT on 22 December broadcasts the tenth of a twelve-part documentary entitled: "Mao Zedong." The tenth part, which lasts for 50 minutes, is entitled: "Splashing Water Amid the Stream," and focuses on Mao's passion for swimming.

After video shows an on-screen prologue read by an unidentified narrator: "Mao Zedong said: It was rather comfortable to swim at Beidaihe during a grade-seven typhoon...." the documentary begins with historical footage of Mao swimming at Beidaihe beach, in the Chang Jiang, and at Shisanling Dam during the last two decades of his life; as well as his last recorded swim in a Changsha indoor swimming pool in 1974 at the age of 81. As the video shows shots of places associated with Mao's sporting activities, the narrator recounts his endeavor to improve his physique and temper his will through rigorous training, and notes that swimming and mountaineering were Mao's two main hobbies. The

narrator adds that while climbing mountains, Mao never made detours and always blazed a new path whenever he encountered a dead end.

As video shows places where Mao used to swim, the video cuts to show interviews with Mao's bodyguards, nurses, doctors, and his daughter Li Na, reminiscing about Mao's preference for swimming in large rivers and lakes over small ones, to long distances over sprints, and rapids over still water; and noting that when he swam he never did a specific stroke—he simply swam "free style" as he pleased. While the video continues to show footage of places and events associated with Mao, the narrator explains: Mao's approach toward swimming fully reflected his indomitable spirit to conquer nature. He once expressed a wish to swim in the Mississippi and the Ganges. As a sportsman and romantic poet, Mao often composed poems after swimming. Deeply concerned about floods along the Chang Jiang, Mao inspected the Three Gorges time and again in a bid to find a way to tame the river. His dream finally came true when the Fifth Session of the Seventh National People's Congress approved the Three Gorges Project in April 1992.

As the video shows historical footage of Khrushchev's "secret visit" to China in July 1958, the narrator recalls an episode: After turning down the Soviet proposal to establish a joint fleet during a rigorous debate one morning, Mao invited Khrushchev to his swimming pool in Zhongnanhai to conduct the afternoon session. When Mao and Khrushchev showed up at the pool, Chinese and Soviet officials present were stunned at Mao's casual attire, a pair of swimming trunks, and his superb swimming skills. The narrator continues: Mao disliked being bossed around, and that was one of his invaluable assets which transcended into a dauntless spirit in the face of stormy waves.

While the video continues to show historical footage of related events, the narrator says: "From the late fifties to the early sixties, China encountered one upheaval after another on both the domestic and international fronts: The deterioration of Sino-Soviet relations, armed rebellion staged by separatists in Tibet, the Taiwan Strait crisis, Sino-Indian border conflicts, and an anti-Chinese wave abroad. In the wake of such setbacks, especially the natural disasters following the blunder of the Great Leap Forward, Mao exhorted the Chinese people to foster the spirit of fearing no devils. Thus, fearlessness against devils became the slogan for Chinese people to tide over difficulties at home and abroad. In 1962 the Sino-Soviet polemics began. Consequently, Soviet experts were withdrawn from China, contracts were scrapped, and Soviet-aided construction projects were suspended. However, Mao never panicked; he told Soviet comrades that in spite of the war of words with the Soviet Union, life would go on as usual in China.

As the video shows historical footage of a party in which close shots are seen of Mao, Liu Shaoqi, and Zhu De each dancing with a female partner, the narrator cites

American journalist Anna Louis Armstrong's observation during her stay in Yanan: "Zhou Enlai's waltz was first rate, Liu Shaoqi's steps were as accurate as numbers, and Zhu De danced with the strides of the Long March; Mao Zedong danced to the tune of his own rhythm." The narrator adds: Therefore, unlike ordinary people who like to swim in still water, Mao had a passion for splashing in the rapids.

While video shows historical footage and interviews with people concerned, the narrator recounts the events leading to the start of the Cultural Revolution: In June 1966, Mao stayed for 10 days at a resort in Shaoshan, doing nothing but reading, writing, and swimming. Shortly afterwards, in Wuchang on 16 July, he plunged into the Chang Jiang and swam 15 kilometers in 65 minutes at the advanced age of 73. Big crowds of people along the river cheered him and shouted: "Long live the chairman," and he responded with "Long live the people." The Chinese media gave exceptional, extensive coverage to Mao's latest swim in the Chang Jiang. As the video cuts to show historical footage of Mao waving to the sea of Red Guards during parades in Tiananmen Square, the narrator says: "In the brief period of 33 days after the swim, Mao, waving an army hat, stood on the rostrum atop Tiananmen Gate. The blue sea was turned into a red sea. Mao Zedong could not have dreamt the red sea he stirred up would last a decade."

At 1300 GMT, the documentary concludes by showing historical footage of Mao walking, talking, and swimming to stress the carefree nature of his personality.

Part Eleven

OW0601091394

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1210 GMT on 23 December broadcasts the eleventh of a twelve-part documentary entitled: "Mao Zedong." The eleventh part, which lasts for 50 minutes, is entitled: "The Family of a Leader," and focuses on Mao's influence on the life of his family members.

After video shows an on-screen prologue read by an unidentified narrator: "Mao Zedong told his cousin: You are a peasant, and farming is a more stable occupation...." the documentary begins with video shots of Mao's two former residences in Zhongnanhai. Then, video cuts to show historical footage of Mao's visits to his hometown in Shaoshan in the late fifties, where he paid respects to his parents' tomb. According to interviews with local people, Mao admitted that even though he was a communist, materialist, and atheist, he should still pay respects to his parents for they had brought him into the world. As the video shows photographs of Mao's brothers, sisters, and other relatives, the narrators recount how they, inspired by Mao's lofty ideal, joined the revolution and later became martyrs.

While the narrator introduces Mao's other relatives, the video shows shots of a museum in Changsha, Hunan

dedicated to Mao's first wife Yang Kaihui, where her diary, in which she confesses love for Mao, is on display. While the video continues to show historical footage and photographs of Mao's family, the narrator recounts Yan Kaihui's martyrdom in 1930 and the fate of her sons with Mao: Anying, who after spending 20 years in the Soviet Army was sent to Korea and was killed in the war in the early fifties, and Anqing, who became mentally disabled during his childhood after torture was inflicted upon him by foreign police forces in Shanghai. According to an interview with his daughter-in-law, Mao always educated his children to never seek privilege and "to live and work like the children of ordinary working people." After the narrator briefly describes Mao's life with his second wife He Zizhen in Yanan, the video shows an interview with Li Min, the only surviving daughter of his marriage to He; and Li Na, Mao's other daughter from his marriage to Jiang Qing. The daughters reminisce about the spartan way they were brought up, but say their father left them with an enormous spiritual legacy.

The narrator continues: Mao brought up his offsprings the way he trained cadres. He always advocated: "The preservation of the style of being modest and prudent, and guarding against arrogance and rashness," as well as the spirit of hard work and plain living. To underscore Mao's frugal material life, the narrator cites his former head nurse, a train attendant, and bodyguards describing, with deep emotion, his thrift and simple lifestyle. As the video shows shots of his book-filled former residences in Zhongnanhai, worn-out clothes, and other articles of daily use in his living quarters, the narrator notes: The protracted struggles during the revolution made him accustomed to living sparsely. After the PRC's founding, he continued to lead a thrifty life because he wanted to set a good example for other cadres. In spite of his austere life, he always gave generously to friends and relatives in need, and explicitly stated that the money came from remuneration for books and articles he had written.

At 1300 GMT, the documentary concludes with video of an interview with Mao's cousin Mao Zelian, one of the relatives he refused to arrange a job for in the early years of the PRC. Mao Zelian, who is 80 and still working in the fields, recalls that Mao told him his problem should be solved by the local government, and that since he was a peasant, farming would be a stable occupation.

Part Twelve

OW0601110594

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1210 GMT on 24 December broadcasts the twelfth and final part of the documentary entitled: "Mao Zedong." The final part, which lasts for 50 minutes, is entitled: "Later Years," and focuses on Mao's role in the Cultural Revolution and Deng Xiaoping's rehabilitation.

After video shows an on-screen prologue read by an unidentified narrator: "Mao Zedong said: The youth of today and tomorrow will appraise the revolution according to their own criterion of values...." the documentary begins with video of an interview with Nobel laureate Lee Tsung-dao recalling his 1974 meeting with Mao, during which Mao regretted he had not continued the pursuit of natural sciences. In fact, the narrator says, due to Mao's failing health, from the early seventies on he did not even study his favorite subject—social sciences. Then, as video shows historical footage of Mao attending the 10th CPC National Congress in 1973, his former head nurse Wu Xujun recalls the ailing Mao being unable to stand up from his chair on the rostrum to receive a standing ovation from congress delegates.

The narrator says: According to the accounts of Mao's doctors, he was stricken with one ailment after another in his later years, which put "the old man with ceaseless aspirations" in the face of "new contradictions." As the video shows historical footage of Mao's funeral, as well as shots of the Mao memorial hall in Tiananmen Square, the narrator explains: Mao always viewed the issue of life and death in a lighthearted and humorous way. In a conversation with Edgar Snow in 1965, he said he had no way of knowing what the youth of today and tomorrow would aspire to, but he added that future generations would appraise the revolution according to their own criterion of values. This view conforms with the objective law on social development. However, in his later years, Mao failed to match his theory with practice. A year after the conversation with Snow, he began the Cultural Revolution.

While the video shows historical footage of Red Guards shouting slogans and cheering Mao in Tiananmen Square, the narrator says: "Mao Zedong should bear chief responsibility for the decade-long calamity brought about by the Cultural Revolution in China. Of course, Mao's purpose in initiating the mighty mass movement was not to destroy the socialist state he himself founded. As Comrade Deng Xiaoping has pointed out: As far as Chairman Mao's intentions are concerned, he initiated the Cultural Revolution out of consideration for avoiding the restoration of capitalism. However, he misapprehended the realities in China and consequently led the country into large-scale turmoil, which was far beyond his expectations and control." The narrator continues: In 1967, Mao contemplated ending the Cultural Revolution within three years, but it did not proceed as he envisaged. "Lin Biao, Jiang Qing, and others successively set up two counterrevolutionary cliques and schemed to seize supreme power. They exploited Mao's errors and committed a host of activities behind his back to the detriment of the country and people's interests, causing immeasurable harm and damage to the party and state."

While the video shows historical footage of the masses adulating Mao as "the great teacher, great leader, great commander, and great helmsman," the narrator points out: "Mao did not entirely reject the people's worship.

Nevertheless, he began to be wary of this man." Video at this point shows a close-up shot of Lin Biao reading the little red book of Mao's quotations. Many photographs taken during the Cultural Revolution show a stone-faced Mao while Lin Biao shouted "Long live Chairman Mao." The narrator continues: During a CCTV news documentary made on 1 June 1971 Mao was never seen with Lin Biao. The occasion was Mao's 45th and last appearance atop the Tiananmen rostrum.

As Mao's head nurse Wu Xujun gives an account of Lin Biao's failed attempt to blow up the train carrying Mao back to Beijing from an inspection tour in the summer of 1971, video shows color photographs of several charred corpses and plane wreckage in Mongolia, with an on-screen caption reading: "The Lin Biao treasonous clique plunging to death on a flight to a foreign country on 13 September 1971." The narrator adds: In the wake of the incident, Mao decided to reexamine the mass movement and pondered several issues.

While the video then goes on to show historical footage of Marshal Chen Yi's funeral in January 1972, his son Chen Haosu recalls how Mao showed up unexpectedly at the funeral in defiance of the Gang of Four's orders, and he says that Mao's decision to attend was based, to some extent, on the political situation at that time. Chen adds that though subjectively Mao was unwilling to call off the Cultural Revolution, objectively, in view of the leadership vacuum caused by the disappearance of Lin Biao, he had to consider the rehabilitation of veteran comrades who had been purged. The narrator then adds: "It was at the funeral that out of the blue, Mao mentioned Deng Xiaoping, who was then toiling in a shabby workshop in the suburbs of Nanchang, Jiangxi."

Then, as the video shows historical footage of Deng's reappearance on the political scene on various occasions, the narrator comments: "On the evening of 12 April 1973 the late Premier Zhou Enlai hosted a banquet for Prince Sihanouk of Cambodia at the Great Hall of the People. At the banquet, people saw a familiar face who had not been seen in public for a long time. Deng Xiaoping sat quietly as the curious eyes of several hundreds people focused on him. Before the banquet was over, reporters rushed to the post office to dispatch the news: Deng Xiaoping has been rehabilitated. At the 10th CPC National Congress in August 1973, Deng Xiaoping was included in the Central Committee. In December the same year at a Political Bureau meeting, Mao proposed Deng be made a Political Bureau member and chief of the general staff of the Chinese People's Liberation Army (PLA). In a speech at a Political Bureau meeting, Mao said earnestly: 'It was wrong that I took Lin Biao's biased views on several occasions; I should conduct self-criticism in front of comrades.' In October 1974 Mao again proposed Deng take up the post of first vice premier of the State Council. In January 1975, Deng was appointed vice chairman of the CPC Central Committee's Military Commission and concurrently chief of the general staff of the PLA; he was also elected vice chairman of the CPC Central Committee in charge of its

day-to-day work. Mao placed high expectations on Deng, and praised him as a rare talent with a strong political orientation."

While the video shows more historical footage of Mao and Deng, the narrator continues: "Mao praised Deng time and again. As early as 1957, when Mao was visiting the Soviet Union, he told Khrushchev: 'Did you see that short guy over there? He is extremely smart and has great potential for growth.' Mao added: 'This man observes principle and at the same time has flexibility; he is a rare talent.' At a Political Bureau meeting in December 1973, again Mao said: 'Deng handles affairs in a decisive manner. He is firm but gentle, like a needle hidden inside cotton. Outwardly he is amiable, but inwardly his mind is as strong as steel.'"

The narrator continues: "While appraising Deng positively, Mao always paid keen attention to the domestic economy. On the eve of the Fourth National People's Congress session in 1974, Mao repeatedly emphasized: 'The Cultural Revolution has been going on for eight years; it is better to have stability now.' He also pointed out the need to push the national economy forward. In line with Mao's guidelines, Deng, exerting great efforts to open up a new situation in economic construction, launched a comprehensive drive to overhaul work in industry, agriculture, communications, science and technology, military affairs, literature and art, education, and public health."

As the video shows more historical footage of Mao and Deng on various occasions, the narrator continues: "Mao rendered support for Deng's work, and repeatedly criticized the interference of the Gang of Four. At a Central Political Bureau meeting on 17 July 1974, Mao used the term four-member faction for the first time, and declared: 'Jiang Qing does not represent me, but herself.' During a talk with Deng in Changsha in October 1974, Mao gave explicit support for Deng's fight against the unreasonable troublemaking of Jiang Qing and her clique, and at a Central Political Bureau meeting said: 'It is good that you have set up a steel company; I back you up.' Soon afterward, Mao more incisively pointed out: 'Jiang Qing has ambitions; she wishes to make Wang Hongwen the chairman of the National People's Congress Standing Committee and herself party chairman.' By and large, however, Mao wanted to uphold the theory and practice of the Cultural Revolution and, therefore, could not understand and solve the problem of the Gang of Four once and for all. Neither could he tolerate the drive to overhaul work on all fronts launched by Deng in 1975, which inevitably developed into a systematic repudiation of the Cultural Revolution's left-leaning mistakes. In November 1975, Mao made an erroneous decision to criticize Deng and counterattack the right-leaning tendency to reverse the verdict."

As the video cuts to show historical footage of Mao holding Hua Guofeng's hands, the narrator continues: "On 15 June 1976, when Mao was gravely ill, he told Hua Guofeng and others about his life. He said: 'I did

two things in my life: One was the decades-long fight against Chiang Kai-shek, which resulted in his exile to the islands; and the other was the Cultural Revolution, which was supported by a few but opposed by many people.' In 1976—the year of the dragon—at a crucial moment in China's future destiny, on his sickbed Mao did not hand over power to the Gang of Four. China owes what it is today to Mao's important decision at the time."

Then, highlighting Mao's efforts to preserve his image abroad as a jovial man with a sense of humor, video shows historical footage of Mao's meetings with Kissinger and Nixon, and Kaunda of Zambia, as well as interviews with them reminiscing about their encounters with Mao. Video then shows an interview with famed ophthalmologist Tang Youzhi recounting an operation he performed on Mao in 1975 to remove a cataract, and with an attendant describing Mao's final hours on his sickbed.

After the video shows footage of Mao laying in state and grief-stricken people congregating in Beijing on the day he died, the documentary concludes at 1300 GMT with an on-screen postscript reading: "Comrade Mao Zedong was a great Marxist and a great proletarian revolutionary, strategist, and theorist. It is true that he made gross mistakes during the 'Cultural Revolution,' but, if we judge his activities as a whole, his contributions to the Chinese Revolution far outweigh his mistakes. His merits are primary....—Excerpted from the 'Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC.'"

NPC Standing Committee Adopts Personnel Changes

Legislative Commission Official Removed

OW0601132794 Beijing XINHUA Domestic Service in Chinese 1201 GMT 29 Dec 93

[Text] Beijing, 29 Dec (XINHUA)—Namelist of removals of the National People's Congress [NPC] Standing Committee, adopted by the Fifth Session of the Eighth National People's Congress Standing Committee on 29 December 1993

Wu Fuzhao is hereby removed from the post of vice chairman of the Legislative Affairs Commission of the National People's Congress Standing Committee.

Procurators Appointed, Removed

OW0601132694 Beijing XINHUA Domestic Service in Chinese 1201 GMT 29 Dec 93

[Text] Beijing, 29 Dec (XINHUA)—Namelist of appointments and removals of the National People's Congress [NPC] Standing Committee, adopted by the Fifth Session of the Eighth National People's Congress Standing Committee on 29 December 1993

1. Lu Pingquan [4151 1627 2938] and Jing Dali [2417 1129 0500] are hereby appointed procurators of the Supreme People's Procuratorate.

2. Ju Yongchun and Zhong Hairang are hereby removed from the posts of procurator of the Supreme People's Procuratorate.

Removal of Jiangsu Official Approved

OW0601131394 Beijing XINHUA Domestic Service in Chinese 1200 GMT 29 Dec 93

[Text] Beijing, 29 Dec (XINHUA)—Namelist of removals approved by the National People's Congress [NPC] Standing Committee, adopted by the Fifth Session of the Eighth National People's Congress Standing Committee on 29 December 1993

Removal of Zhao Hong from the post of chief procurator of Jiangsu Provincial People's Procuratorate is hereby approved.

Editorial Urges Strengthened Political, Legal Work

HK0601041494 Beijing FAZHI RIBAO in Chinese 25 Dec 93 p 1

[Editorial: "Strengthen and Reform Judicial Work To Ensure Smooth Development of the Socialist Market Economy"]

[Text] A national political and legal work meeting is underway. Yesterday, General Secretary Jiang Zemin and Premier Li Peng had an informal discussion with some of the delegates and gave important instructions on strengthening political and legal work, maintaining social stability, and safeguarding reform, opening up, and economic development, which fully showed that the party Central Committee and the State Council set much store by political and legal work and are determined to uphold the principle of doing two types of work simultaneously and attaching importance to both, thus greatly inspiring comrades attending the meeting and vast numbers of capable policemen on the political and legal front throughout the country.

The key agenda item of the national political and legal meeting is studying how to implement on the political and legal front the guidelines laid by the Third Plenary Session of the 14th CPC Central Committee and how to strengthen and reform political and legal work to ensure smooth and healthy development of our socialist market economy in light of the outstanding issues which affect social stability. The "Decision of the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure" adopted by the Third Plenary Session of the 14th CPC Central Committee is the overall plan for establishment of a socialist market economic structure in our country and the program of action for reforming our economic structure, as well as a working guide of our legal and political front.

The current domestic and international situation offers us a rare and excellent opportunity, but in the process of transforming the old system into a new one and readjusting various relations of interests, all kinds of conflicts often arise. In a certain period of time, criminal offenses and economic crimes may increase and such corrupt phenomena as embezzlement and bribes will still grow, and all these may affect political and social stability. Hence, under the new situation of developing the socialist market economy, the political and legal front is undertaking a even more arduous task and political and legal work can only be strengthened and never weakened. Centering on economic construction, the political and legal front is faced with two key tasks: First, they must spare no effort to create a stable social and political environment for reform, opening up, and modernization; and second, they must furnish the development of the socialist market economy with good legal protection and services. The relationship between reform and opening up, economic development, and social stability is a dialectic, reciprocal, and integrative one. The solid foundation of consolidating the stable and unified political situation is to deepen reform, open up wider, and accelerate development; whereas the precondition of reform and development is to maintain political stability. Comrade Xiaoping pointed out, "To reform, we must have a stable political environment; we can do nothing without this condition." Only when we uphold the four cardinal principles and maintain social and political stability, can we vigorously ensure the smooth proceeding of reform, opening up, and economic construction. Hence, we must resolutely smash disruptive activities launched by hostile forces, continue to fight against all kinds of criminal activities in a strict and fast manner according to law, unremittently wipe out various hideous phenomena in society, resolutely keep launching the anti-corruption struggle, and devote our energies to investigating and punishing large and important cases. Leaders at all levels must learn how to handle internal conflicts among the people under the new situation and make efforts to go deep among the masses to resolve conflicts. We must carry forward the glorious tradition of integrating special work with the mass line and rely on the masses to do a good job in the comprehensive management of public security.

The development and protection of the socialist market economy relies on the legal system. The structure of the main body of market, the operation of market behavior, and the government's macroscopic regulation must all proceed according to law, and it is only under these conditions that can we ensure that the market economy develops in a fair and orderly direction. The political and legal front must give full play to the function of serving the socialist market economic structure, further strengthen economic, civil, and other kinds of judicial work, accelerate the pace of reforming the lawyer and notary system, and accomplish all kinds of work related to legal services. At the same time, the political and legal front must strictly investigate and punish economic criminal cases, such as smuggling, fraud, tax evasion,

refusal to pay taxes, trade mark imitation, and production and selling of fake and poor-quality goods, ensure normal operation of the market economy, and establish a legal order of the socialist market economy.

To fulfill the arduous task of political and legal work under the new situation, leaders at all levels must conscientiously do two types of work simultaneously while attaching importance to both. At present, some leading cadres really do not have a clear and firm understanding of the thinking of "simultaneously doing two types of work" and do one type of work while neglecting the other one. They are relatively competent at economic work and appear impressive, but they do not give much consideration to cultural and ideological progress, party building, and the work of maintaining stability. Moreover, some of them merely pay lip service to the work without making any conscientious efforts. "Not to grasp firmly is not to grasp at all." The situation of attaching importance to economic work without paying heed to political work and attaching importance to material progress without paying heed to cultural and ideological progress is very dangerous and must be changed thoroughly. Comrade Xiaoping pointed out long ago: "Without enhancing cultural and ideological progress, material progress will also be destroyed and we will take a tortuous path." Even if we have rich material conditions, if hideous social phenomena break out, corruption runs wild, and the social atmosphere is very bad, this type of socialist modernization is not the one we want. Hence, we must arm our minds with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, reach a common ideology and understanding, and strengthen party's leadership over political and legal work. First of all, we must be determined to solve the kind of problems which are related to the ideology and understanding of party and government leaders at all levels.

We believe that through the national political and legal work meeting, all the comrades on the political and legal front, under the guidelines laid by the Third Plenary Session of the 14th CPC Central Committee, will definitely be able to uphold the basic party line, conscientiously perform their tasks, spare no effort in blazing a new trail, and be of one heart and one mind to make greater and new contributions to fulfilling the glorious mission entrusted to us by the epoch!

Notary Rules on Evidence of House Demolition

HK0601064094 Beijing FAZH RIBAO in Chinese 18
Dec 93 p 2

["Particulars on the Notarization of Preserved Evidence on Demolished Houses" Issued by the Ministry of Justice on 1 December 1993"]

[Text] Article 1. These particulars were drafted in accordance with the "Interim Regulations on Notarization in the PRC," "Regulations Governing the Demolition of

Urban Houses" and "Rules on the Notarization Procedure (tentative)" for the purpose of standardizing evidence preservation on demolished houses.

Article 2. The preservation of evidence on demolished houses refers to such lawful preservative measures as the surveying, photographing, or videotaping by a notary public of the status of a house and its appendages before it is pulled down or removed, for the purposes of determining the authenticity and certifiability of evidence on the house.

Article 3. This body of particulars apply to the notarization of evidence on houses which according to the "Regulations Governing the Demolition of Urban Houses" are liable to be demolished: Those entrusted to house departments; those over which property disputes remain unresolved after the deadline announced by a house demolition department; and those over which property rights have been transferred, but on which the mortgagee and mortgager cannot arrive at a mortgage agreement within the time specified by a house demolition department; and any other houses to be demolished.

Article 4. Notarized evidence on demolished houses shall be placed in the custody of the notary office of the district in which the demolished house is located.

Article 5. Demolishers or people whose house will be demolished can apply for such notarized evidence. House demolition departments can also apply. These applicants may apply through their own representatives.

Article 6. Applicants must fill out a notarization application form and submit it with the following documents:

1. Document of identity: Legal entity applicants should supply documents proving their legal entity or legal representative identity. Citizen applicants whose house will be demolished should supply identity proof.

2. Proof of qualification: Demolishers should produce permits issued by a housing demolition department certifying approval of demolition; agents entrusted with demolition work should produce documents proving their qualification in house demolition; people whose house is demolished should produce proof that they are the owners and users (including trustees, stewards entrusted by the state with state-owned houses and their appendages) of the demolished house and its appendages.

3. Documents showing approved compensation and settlement packages by a house demolition department of a people's government at or above the county level if the house to be demolished is in property dispute.

4. A notice stating a deadline after which demolition may proceed by a people's government at or above the county level, or an edict stating a deadline after which demolition may proceed signed by a people's court chief judge if the house is marked for mandatory demolition.

5. Any other documents deemed necessary by a notary public.

Article 7. Applications meeting the following requirements should be accepted by notary offices, which should notify applicants in writing:

1. Applications which meet the requirements of Article 4;
2. Matters applying to be notarized fall which under the mandate of notary offices;
3. Applicants who have supplied documents required by Article 6.

Notary offices will reject applications which fail to meet the above requirements. Applicants will be notified of the rejection and informed of review procedure for appeals against rejections.

Acceptances or rejections should be made within seven days after formal applications have been filed in accordance with these particulars.

Article 8. Notary publics should treat applicants in earnest and record conversations as required by Section 24 of the "Regulations (tentative) for Notary Procedures," with special emphasis on the following information:

1. Purposes and reasons for applying to preserve the evidence;
2. Kinds, names, location, and current status of evidence to be preserved;
3. Ways of preserving the evidence;
4. Any other content the notary public thinks should be taken down.

The information above can also be included in documents supplied by applicants.

Article 9. When the requirements for notarizing evidence are met, the notary office should send two or more notary officers (at least one of them a notary public) to participate in the entire evidence preservation activity.

Article 10. A notary public assigned to notarize evidence on a to-be-demolished house should record objectively and comprehensively the on-site situation of the house, collect and retrieve relevant evidence, and, depending on the characteristics of objects to be preserved as evidence, survey, photograph, or videotape the objects.

Article 11. A record should be kept of a survey on a house, noting the time and place of the survey, the house's location, its boundary on four sides, the type of use, its structure, levels, area, extent of depreciation, composition of the house front and the ground, and appended facilities; identifying the surveyor, recorder, and the property holder of the house, and any other information deemed necessary. Things best stated in

charts or drawings, such as the length and width of the house, should be thus done. The record should be signed or stamped by the notary public and the surveyor. Parties involved in the demolition, if present, should also sign or stamp the record. Should parties involved in the demolition refuse to do so, the notary public should state so in his record.

Article 12. Photographing and videotaping of the house should reflect and record the whole look of the house. House structure, doors, windows, kitchens, and appended facilities should be recorded in separate pictures.

Article 13. When a survey is deemed necessary on the evidence to be preserved, the notary office should hire expert help from departments with the necessary specialty or other departments to conduct the survey.

Hired departments and their surveyors should present a signed or stamped written survey report. Surveyors from other departments should have their units stamped on the report to certify them.

Article 14. In the case of a forceful demolition of a house, concerned notary office should notify the people whose house is going to be demolished to be present on the scene. If these people refuse to show up, the notary public should note this in his record.

In the case of a forceful demolition of a house, the notary public should verify, count, register, and itemize articles within the house, put down the time and place of the above activity, have two fully functioning people present on the scene to check the entries, get their signatures on the record, and then sign it. If the people whose house is being demolished refuse to cosign the record, the notary public should note this in his record.

After checking and registering the articles, those that cannot be turned over at once to the people whose house is being demolished, must be taken by demolishers, under the supervision of the notary public, to a designated warehouse, and tagged and numbered. The keeper of the warehouse is responsible for compensating the owners for any damaged or lost articles.

Demolishers should draw up a notice informing owners of the articles of the deadline for reclaiming the articles. The notary office has the power to accept a demolisher's application to withdraw articles left unclaimed after the deadline.

Article 15. The notary public should conclude the preservation of evidence of a demolished house with a notary statement, which should be drawn up according to the specifications of the "Rules on the Notarization Procedure (tentative)," section 38, and in a format set out in format 48, the statement on the preservation of evidence format (part two). The notary statement should state the reason and time for the applicable preservation; how the notary public scrutinized and verified the qualifications of the applicant and his documentation; the time, place,

and method of preservation; the titles and quantity of the written memos, photographs, and videotaped programs taken in preserving the evidence; and the location of preservation.

Article 16 These particulars go into effect as of 1 February 1994.

Justice Official Interviewed on Notary Services

HK0601054994 Beijing CHINA DAILY in English 6 Jan 94 p 3

[By Ma Chenguang: "Notary Work To Be Upgraded"]

[Text] The country has mapped out detailed plans to upgrade its notary work to better serve the market economy, a leading judicial official said yesterday.

Currently, China's notary service covers economic, civil and business affairs, and helps prevent disputes and stabilize social, civil and commercial relations.

Deputy Justice Minister Zhang Geng told CHINA DAILY in an interview that the planned measures include enlarging the service scope and speeding up reforms in notary management.

He added that his ministry has finished a draft Notarization Law and is expected to submit it to the country's legislature for examination this year.

He said these measures were mapped out to keep pace with the growing role of notarial services in China.

Since 1980, when notary work started up again, the number of notary institutions has increased from 1,150 to the current 3,049. More than 16,170 notary public are providing notarization for common items, such as contracts, establishment of corporations, birth dates, marriage status, education, inheritance rights and wills.

Both Chinese and foreigners can use the service by paying a service fee. Foreigners pay a higher fee.

Adjustment of the service fees charged to foreigners are still to be decided in line with the newly-adopted single floating exchange rate.

Last year these institutions handled more than 9 million cases of notarization, among which 800,000 were concerned with real estate and 600,000 with bank loans.

Every year, 98 percent of the notary items show legal effect.

But, he added, foreigners still are not allowed to conduct notary service in China, even though branch law offices have been set by foreigners in the country.

According to the deputy minister, to strengthen the legal status of notary work, the State is to require important economic, civil and commercial activities to undergo notarization.

In helping establish the modern enterprise system in China, important notary work must be done involving the charters and establishment of corporations transfer of property rights, the auction and leasing of enterprises and the qualification of representatives of legal persons.

Notary service will be provided in the transfer of bills, the development of real estate, the transfer and mortgage of loans and also foreign-oriented economic activities, he added.

Zhang also emphasized the need to speed up reforms in managing notary institutions.

All of these institutions will be gradually changed from administrative organs to self-funded institutions without governmental interference.

And to meet international norms, notary institutions will be upgraded to "notary offices," he concluded.

Rules on Management of Social Organization Seals

HK0501032694 Beijing FAZHI RIBAO in Chinese 18 Dec 93 p 2

["Regulations on Management of Seals of Social Organizations' Promulgated by the Ministry of Civil Affairs and the Ministry of Public Security on 18 October 1993"]

[Text] To protect the legitimate rights and interests of social organizations and to strengthen the management of their seals, in pursuance with the "Regulations on Registration and Management of Social Organizations" and the "State Council Regulations on Seals of State Administrative Organs, Enterprises, and Nonprofit Institutions" (State Council Document No. [1993] 21), the specifications, making and issuance, and management of seals of social organizations are hereby stipulated as follows:

1. Specifications, Formats, and Making and Issuance of Seals

1. Seals of social organizations shall be round in shape.

2. The seal of a national social organization shall be 4.5 centimeters in diameter, showing a five-pointed star in the center and the name of the social organization arranged clockwise in a crescent around the five-pointed star. The seal shall be made and issued by the social organization registration and management authorities subsequent to certification by the social organization registration and management authorities and the securing of approval from the public security authorities in the seat of the social organization's head office for the cutting of the seal.

3. The seal of a local social organization shall be 4.2 centimeters in diameter, showing a five-pointed star in the center and the name of the social organization arranged clockwise in a crescent around the five-pointed

star. The seal shall be made and issued by the local social organization registration and management organ subsequent to certification by the local social organization registration and management authorities and the securing of approval from the public security authorities in the seat of the social organization's head office for the cutting of the seal.

4. The seals of representative offices and branch offices of social organizations shall follow those of their respective head offices in specifications, format, and conditions of making and issuance.

The name appearing on the seal of a representative or branch office of a social organization shall be preceded by the name of its head office. The first part shall be arranged clockwise in a crescent and the second part may be arranged horizontally from left to right.

5. The seal of an entity with corporate status run by a social organization shall be made to show the name of the entity as registered or approved.

2. Names, Characters, Typeface, and Materials of Seal

1. The name shown on a seal shall be the official name of the social organization. When there are so many characters in the name to be shown on the seal as to affect legibility, an accepted shortened form can be used as deemed appropriate.

2. The seal of a social organization in a minority nationality autonomous locality shall carry characters of the Chinese language alongside those of the nationality language in common use in that locality.

3. The seal of a social organization that is engaged in international exchange, if an English name is required, shall carry characters of the Chinese language alongside those of the English language.

4. The characters of the Chinese language appearing on seals shall be in Song typeface and in the simplified form adopted by the decision of the State Council.

5. The materials of seals shall be decided by the issuing authorities themselves.

3. Making and Issuance of Special Seals

1. An embossing seal shall be a maximum of 4.2 centimeters and a minimum of 3.5 centimeters in diameter, showing a five-pointed star in the center and the name of the social organization arranged clockwise in a crescent around the five-pointed star. The cutting of the seal shall be conducted after approval from the social organization registration and management authorities and the public security authorities is secured.

2. Other special seals should differ from the official seals in name and format. The cutting of such a seal shall be conducted after approval from the social organization registration and management authorities and the public security authorities is secured.

4. Management and Cancellation of Seals

1. The seal of a social organization comes into effect only after filing by the social organization registration and management authorities and the competent department in charge of the relevant affairs.

2. For illegal making of seals by social organizations, the public security authorities shall impose a penalty of 500 yuan or less or issue a warning to the person(s) directly responsible for the offense; if it leads to serious consequences, the principal person(s) responsible for it or the person(s) directly responsible for it shall be called to account to affix legal liability.

3. Social organizations shall establish and improve the seal management system, and seals shall be put in the care of specially assigned personnel. They shall affix the administrative or legal liability of the caretaker or the person(s) responsible if the use of the seal in breach of the regulations leads to serious consequences.

4. When the change in a social organization calls for a replacement of its seal, it should give up the existing seal to the social organization registration and management authorities, file another application, and, after approval is secured, have a new seal made.

5. When a social organization registers a cancellation, it should give up all its seals to the social organization registration and management authorities for safekeeping under seal.

6. When a social organization is removed, the social organization registration and management authorities shall take over its seals.

7. In the event of loss of its seal, a social organization, after declaring the lost seal invalid, may apply for replacement following procedures specified in this set of regulations.

8. The social organization registration and management authorities shall compile a register of seals taken over from, and handed back by, social organizations, destroy them at regular intervals, and then forward a register of the seals destroyed to the public security authorities for the record.

This set of regulations shall enter into effect on the day of promulgation and shall simultaneously supersede the "Provisional Regulations on the Management of Seals of Social Organizations" promulgated on 12 January 1991.

Official Involvement in Kidnappings Decried

HK0601120194 Hong Kong MING PAO in Chinese 6 Jan 94 p 12

[By special reporter Ching Chi (5427 2765): "Kidnap Cases Puzzle Mainland Society, and the Situation Becomes Worse Because of Involvement of Public Security Personnel"]

[Text] "Kidnapping" behavior gradually has become popular on the mainland in recent years, leading to the "hostage phenomenon," which has puzzled the society. As some cases involved public security personnel, the Central Commission of Political Science and Law, the Public Security Ministry, and other departments recently have stressed that public security personnel are strictly banned from getting involving in economic disputes and using their powers to arrest people illegally.

According to reports, the Public Security Ministry has sensed the serious consequences of the involvement of public security organs and policemen in kidnapping hostages, and has demanded that public security departments at various levels view the solemn handling of this lawbreaking and discipline-violating behavior as one of the important contents of the anticorruption drive and the rectification of law enforcement work within public security departments. The procuratorial organs, which have jurisdiction over the investigation and handling of "hostage-type" cases, also have removed various obstacles and have actively handled these kinds of cases, viewing them as a key area.

The "hostage-type" cases first appeared in the middle of the 1980's, and have increased greatly in the 1990's. According to statistics provided by the Guangdong provincial procuratorial organs, from 1990 to 1992 the incidence of such cases increased 52 percent. Information from Shanghai shows that in the first quarter of last year, cases classified as of the "hostage type" exceeded by 50 percent the total number of such cases in the previous year. These are just the figures of cases for which files have been opened by the procuratorial organs, and the "hostage-type" cases for which files could not be opened should be even more.

The "hostage-type" cases were caused mainly by disputes in commercial and trading activities, and kidnapping a hostage was the last resort to force someone to pay an outstanding debt. Those who were kidnapped were from different walks of life. Judged in terms of status, they included factory heads; managers; deputies to people's congresses; members of the Chinese People's Political Consultative Conference; soldiers; and businessmen from Hong Kong, Macao, and Taiwan. Judged from the angle of age, they included babies several months old and elderly people of advanced age. Judged from the relations of those involved in debts, they included parents, wives, sons, daughters, inferiors, relatives, and good friends.

As has been pointed out, among those who participated in kidnapping activities were many party and government officials, as well as cadres and policemen from public security and judicial departments. There is a high-sounding excuse for them to get involved in the "hostage-type" cases: Investigating economic crime. Thus, there is a legal cover for kidnapping hostages—arresting lawbreaking elements—and there is a dignified package for forcing someone to pay an outstanding debt—recovering economic losses.

A relevant person analyzed the situation and said that there are profound and complicated economic and social reasons behind the "hostage phenomenon." One main reason is that the development of the commodity economy has greatly increased commercial and trading activities in the community, and the laws and regulations, as well as law enforcement and supervision work, have failed to keep pace. In some localities, it is difficult to file a lawsuit, and in particular, it is very difficult to open a file for a case that does not involve a large amount of debt, while it is difficult to carry out the verdicts in some cases. Some creditors find that their legitimate rights are not protected, so they must look for another way to regain their loans as quickly as possible.

Local protectionism is the reason for some government and judicial organs to get involved in economic disputes arbitrarily and to abuse their powers by detaining people illegally. Under the current system, a local government has the power to allocate finance to local public security organs, procuratorial organs, and law courts; as a result, they have to listen to the orders of the local government, and must be responsible to the local government instead of to the law. Local interests are involved in various economic disputes, and the "hostage phenomena" all exhibit one common feature: Most of the kidnappers come from the economically undeveloped districts or even poverty-stricken districts, and they badly needed their loans returned because they lacked money. Some local party leaders would often think of using the power of government and judicial departments to detain hostages in the name of "handling cases" so as to retrieve the outstanding amount of money.

Tighter Advanced Degree Program Controls Planned

*OW0601091094 Beijing XINHUA in English 0841
GMT 6 Jan 94*

[Text] Beijing, January 6 (XINHUA)—China is to put postgraduate courses under a uniform administration to ensure the standards of master and doctorate degrees.

This was announced by a spokesman of the Academic Degrees Committee under the State Council.

According to the spokesman, educational authorities will keep records and start a uniform control system over courses in subjects ranging from finance, politics and law to management and engineering.

He said that recently some universities and institutes had rushed to start courses outside their range of accredited major subjects and had started to award degrees without approval or assessment by the educational authorities.

They set up so-called "new majors" and ran training classes in coastal areas. To attract more students, they even accepted unqualified ones.

Furthermore, the spokesman said, it had been discovered in Beijing, Shandong Province and Liaoning Province that some unauthorized units ignored the country's regulations and were running postgraduate courses jointly with overseas colleges.

Most of these courses are not accredited to accept postgraduates but merely aim at making money. They have no entry examinations or necessary management system.

Some of them even confer overseas academic degrees, severely disturbing China's normal postgraduate education and degree awarding system, the spokesman pointed out.

He said that to stop the confusing situation, the Office of the Academic Degrees Committee had issued a circular on the administration of such postgraduate courses.

Foreign academic degree certificates awarded by unapproved Sino-foreign educational units are not recognized in China, the circular stipulates.

The spokesman stressed that, to ensure the quality of degree-holders, his office will organize experts at an appropriate time to inspect and assess the educational quality of the courses.

He said that students already enrolled in courses who come to the end of their studies and apply for master degrees will be strictly examined.

Units which ignore educational quality and run classes and award degrees and graduate certificates illegally will be seriously punished, he added.

New Housing Reform Policies Set Forth

HK0601055194 Beijing CHINA DAILY in English 6 Jan 94 p 4

[By Sun Shangwu: "Residents Asked To Buy Houses"]

[Text] After years of experiments in housing reform, the government has finally decided to sell, instead of rent most public housing in cities.

A package of house sale policies has been worked out by the government to enable people to buy their homes.

Analysts say that the sale of public houses is an "inevitable measure" in housing reform.

Full-scale housing reform is to start this year and is to focus on selling most public houses while raising rents to cover future construction costs.

A two-tier price system is to be set up.

One system will apply to high income earners, under which prices will be set according to market levels.

The other system, for middle and low income residents, is to be in two forms, low-profit price and standard price.

Low-profit prices are set after deducting construction costs, sewage and utility fees, and the profits from real estate development.

Standard prices cover the cost of building the apartments.

The standard price of a new two-room apartment in 1993 is three times a couple's average salary in 1992. They are to pay 12 per cent of their income annually over the span of 25 years until they become owners of the houses.

The scale for determining low and high income people will vary from region to region.

The standard price will be an "active" one, meaning it will steadily reach up low-profit price by the year 2003, said Liu Zhifeng, Vice-Minister of the State Commission for Restructuring the Economic System.

Houses will belong to buyers, said Liu, who is also the director of the Housing Reform Office under the State Council.

China's public living quarters cover 2.7 billion square metres. Every year the government and enterprises spend at least 26 billion yuan (\$2.9 billion) on maintenance.

If 10 per cent of these houses were sold, even at 350 yuan (\$40) per square metre, 94.5 billion yuan (\$10.8 billion) could be recovered, according to Liu.

Officials have said that public housing should not be sold at prices lower than government-set levels, so as to prevent corruption and wild speculation of State property.

Officials from the Ministry of Construction said the development of real estate industry will also promote the construction materials metallurgy, machinery, chemistry and forestation industries.

Western countries get 10 per cent of their revenue from the real estate sector. China earned only 2.3 per cent last year.

Raising rents is also an important part of reform.

According to the plan, rents will cover the costs of repair, management and depreciation through the end of 1995 and will later expand to include interest on capital investment and housing taxes.

To help urban residents buy houses and pay rents, more housing accumulation funds will be set up.

Shanghai was the first Chinese city to set up the fund. Since then, 104 of China's 194 cities above the prefecture levels have set up the accumulation fund.

Every month, when the couple and their employers pay 5 per cent of their salary into the fund, the money is kept in the bank under the couple's name.

The money from the fund can only be used to buy housing or pay the rent and maintenance costs.

City residents can also get mortgage loans from the bank to buy houses and have been encouraged to buy in installments.

The emphasis in housing reform will be put on large and medium-sized State enterprises, Liu said.

Almost all provinces in China have drafted housing reform programmes and the plan has been implemented in more than 10 provinces and 30 cities.

Zhangjiagang Port Administration in East China's Jiangsu Province has raised rents by a big margin and sold public housing to employees at low-profit price and market price. At present, about 92 per cent of the public housing has been sold.

The government has also encouraged real estate companies to build more low-profit houses.

Officials said at least 20 per cent of housing built by real estate companies should be affordable to the ordinary.

Science & Technology

Nuclear Corporation Head Views 1993 Achievements

HK0601132094 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 3 Jan 94 p 2

[Report on New Year interview with Jiang Xinxiong (5592 1800 7160), general manager of the China National Nuclear Corporation, by staff correspondent Lu Zhenhua (7120 2182 5478); place, date not given: "Jiang Xinxiong on China's Nuclear Industrial Development"]

[Text] The year behind us was one that saw the comprehensive development of the China National Nuclear Corporation. How strong is the momentum of development for the corporation in this new year of progress, both in reform and opening up and in economic development? With this question in mind—a question that concerns many readers—this correspondent interviewed Jiang Xinxiong, general manager of the China National Nuclear Corporation.

"Speeding up structural reform and promoting development, both in science and technology and in economic power—these are the targets for our corporation in the new year," said Jiang Xinxiong by way of opening the conversation, and already holding forth: "Only thus can we match with the corporation's line of thinking on development, genuinely maintain our status as a hi-tech force commensurate with our country's nuclear status, build a new nuclear-powered electricity system and a nuclear industrial system capable of meeting the demands of national energy development, and create a diversified operating mode and production force with a

greater market share. Only then can we make new contributions to the development of the nuclear industry in the next century."

Showing deep gratitude to the tens of thousands of the corporation's workers, he said: "In 1993, thanks of the efforts of one and all, we scored good results." Since its second grid-connected generation last March, the Taishan nuclear power plant has maintained steady, high-power operations, generating a total of 1.73 billion kwh by the end of last year, reaching 65 percent of its capacity. This feat has received good comments from experts inside and outside the country. The work design on the second-phase project is in full swing, and an almost 1,000-m tunnel has been bored. The No. 1 generating unit of the Daya Bay nuclear power plant is operating normally, achieving its full-load operating capacity on 27 November 1993. Jiang also stressed that the corporation's research and development department had achieved a number of results, nine of which were awarded Eureka Prizes at the 42d Brussels International Invention Fair. China's uranium enrichment technology and equipment also have achieved breakthroughs. China has built up a workshop producing components for an imported 900,000 kw water-pressurized reactor, which passed the examination of the importer. This signals China's ability to produce domestically and in a systematic fashion the fuel components for 300,000-, 600,000-, and 900,000-kw nuclear-powered generators. The adoption of the underground submersion [rong jin 3310 3190] and piled submersion [ye dui jin 0396 1018 3190] methods in uranium mining cut the average cost by 30 percent.

Jiang Xinxiong also talked about the Chinese nuclear industry's effort to open overseas markets, the export of nuclear products for peaceful purposes, nuclear technology, and engineering projects. He said the project to export nuclear power plants to Pakistan had been going well since the completion of the first-phase concrete cement grouting last August, which had prompted talks between Pakistan and China on building a second 300,000-kw nuclear power generator. Contracts have been signed for the export of two 300,000-kw nuclear power generators to Iran. Last year, the foreign-exchange earning exports of the corporation's nuclear industry arm grew 75 percent from the previous year.

General Manager Jiang changed the subject: "This year is a good opportunity for the corporation to speed up development." He also believed that deepening reforms and switching nuclear industrial firms' operating mechanisms are the keys. Through pilot projects in modern corporate systems and through moves to push enterprises toward the market, enterprises will grow stronger internally and workers will get incentives. Only thus can enterprises adjust to the new socialist market economy system.

"This year the corporation is focusing on large-scale projects. Civil engineering work will start for the two

600,000-kw generators in the second phase of construction at the Taishan nuclear power plant, and the No. 1 generator at the Daya Bay nuclear power plant is in its final preparatory stages and will be in commercial operation in February. The corporation will further strengthen overseas cooperation, and will create conditions to propel toward the construction stage the export of nuclear power plants to Pakistan."

General Manager Jiang said: This year, the corporation will concentrate its energy on giving play to its superiority, actively participating in market competition, and opening up overseas and domestic markets. It will work toward the targets of raising the annual gross nuclear industrial output value by 22.1 percent, and of raising the proportion of the gross output value of civilian products throughout the industry. He said with deep feeling: "This year happens to the 40th anniversary of the founding of China's nuclear industry. We should celebrate this glorious day with new successes!"

Military

PLA Security To Handle Army's Criminal Cases

OW0601130994 Beijing XINHUA Domestic Service in Chinese 1206 GMT 29 Dec 93

[Text] Beijing, 29 Dec (XINHUA)—Decision of the National People's Congress [NPC] Standing Committee on authorizing the security department of the Chinese People's Liberation Army [PLA] to exercise the same functions and powers of investigation, detention, preliminary trial, and making arrests as those of the public security organ in dealing with criminal cases within the Army—adopted by the Fifth Session of the Eighth National People's Congress Standing Committee on 29 December 1993

The investigation of criminal cases within the Army by the security department of the Chinese People's Liberation Army is of the same nature as the criminal investigation handled by the public security organ. Therefore, the Army's security department, in investigating criminal cases within the Army, may exercise the same functions and powers of investigation, detention, preliminary trial, and making arrests as those bestowed on the public security organ by the PRC Constitution and other laws.

Editorial Views Military Thought of Deng, Mao

HK0401101094 Beijing JIEFANGJUN BAO in Chinese 25 Dec 93 pp 1, 4

[Editorial: "Inherit and Develop Mao Zedong's Military Thinking—Marking Birth Centenary of Mao Zedong"]

[Text] The centenary of the birth of Comrade Mao Zedong, the beloved leader of all the nationalities of the people of China, the chief founder of our party, Army, and country, falls on 26 December this year. Recalling his brilliant achievements, which have gone down in

history, officers and men of the whole Army, like the people of all the nationalities in China, are filled with great admiration for this great man of history.

Comrade Mao Zedong was a great Marxist, a great proletarian revolutionary, strategist, and theorist as well as a great patriot and national hero of modern Chinese history. He achieved indelible historical feats in the founding and developing of our party and the People's Army, victory in the cause of liberation of the people of all the nationalities of China, the founding of the People's Republic of China, and the development of the socialist cause in our country, to allow the Chinese nation to plant its feet firmly in the forest of the world of nations. The Chinese communists, with Comrade Mao Zedong as their chief representative, made theoretical generalizations on a series of experiences of long-term Chinese revolutionary practice with originality based on the basic tenets of Marxist and shaped into Mao Zedong Thought—scientific guiding ideas suitable to conditions in China. At the same time, Comrade Mao Zedong was a great proletarian strategist. In half a century, he led our party, people and Army in founding our great military cause that will shine through the ages.

The characteristic of the Chinese revolution was armed revolution against armed counterrevolution, the central task of the revolution was the seizure of political power with armed force, the major form of struggle was armed struggle, and the chief form of organization was the People's Army. The entirety of the theory and practice of our party during the whole period of the new democratic revolution was unfolded by centering around the core of revolutionary war. Inside our party, Comrade Mao Zedong was the first to see the importance and pressing nature of armed struggle, the first to indicate the road of establishing revolutionary bases, encircling the cities with the rural areas, as well as seizing political power with armed force, and he personally initiated the People's Army under the absolute leadership of the party with fresh-and-blood ties with the people. In the surging waves of Chinese revolutionary wars, Comrade Mao Zedong became our Army's wise commander-in-chief, formed strategic plans at headquarters, determined victories on the vast battlefields across China, and directed one campaign after another full of power and grandeur. From the struggle at Jinggangshan to the Long March, from the consolidation and development of the Northern Shaanxi Revolutionary Base Area to vanquishing the invasion by Japanese imperialism, from the War of Liberation and the decisive battle against 8 million Kuomintang troops to contending with a most powerful enemy on the Korean battleground, all these reflected his superb art of command marked by great proficiency. The duration of his command during the revolutionary wars, their scope, the complexity of situation, the splendor of the victories, and the far-reaching effects were all rare in the all-time history of war of all countries. Comrade Mao Zedong was the glory of the People's Army as well as the pride of the Chinese nation.

Comrade Mao Zedong was a great man, a famous military commander, as well as an outstanding military theorist. He combined the basic tenets of Marxist-Leninism with the specific practice of the Chinese revolutionary war and army building, scientifically summarized the Chinese revolutionary war and the precious experiences of our army building, critically absorbed the rational essences of all sorts of military theories from all eras and from all lands, concentrated the wisdom of the whole party and whole Army, and founded Mao Zedong military thinking. Mao Zedong military thinking on the building of a revolutionary army, people's war, and strategies and tactics characterized by flexibility and a scientific concept of war and methodology based on dialectical materialism and historical materialism have enriched and developed Marxist-Leninist military doctrine with a series of original theories that were shaped into a scientific system characterized by extensive and profound knowledge, and this became a brilliant, important part of Mao Zedong Thought. Especially in the arena of building a people's army, Comrade Mao Zedong systematically formed a revolutionary army with its main factor being peasants, and the question on how should the army be built into a new-type people's army which is proletarian in nature and has strict discipline, while maintaining close ties with the people. He stipulated that serving the people heart and soul should be the sole purpose of the People's Army; determined the principle of the party commanding the gun, but not otherwise; formulated the Three Main Rules of Discipline and the Eight Points for Attention; stressed the implementation of democracy in the three main fields, namely political, economic and military democracy at the company level; implemented the principle of unity between officers and men, unity between the Army and the people, and disintegrating enemy forces; and set out and summarized a whole range of principles and methods of political work for the Army. The correctness of all these theories and principles in building a new-type people's army had been fully proved in the long-term practice of the Chinese revolution and the building of the People's Army. By drawing a lesson from China being bullied by various powers during its modern and contemporary history, which resulted from impoverishment and being weak, Comrade Mao Zedong set out, in the wake of the PRC's founding, the guiding thinking of strengthening defense and building a powerful modern revolutionary armed force, and he made the important decision on developing modern defense science and technology through self-reliance, thus effectively insuring China's independence and peaceful socialist construction.

Mao Zedong's military thinking took deep root in the fertile soil of the practice of Chinese revolutionary war and the building of our Army. It originated from military practice, while it was tested and developed in giving guidance to military practice. The half-century of progress in our Army's struggles give evidence to the fact that Mao Zedong military thinking has correctly answered and resolved a series of important issues on

why we must carry out a revolutionary war, whom we should rely on in fighting a revolutionary war, and how we can win that war, while profoundly revealing the basic law that governs China's revolutionary war and building of the People's Army, and that this has scientific quality and progressiveness beyond a doubt. With the changing of the times, great progress has been made in science, technology, weaponry, and equipment, and many characteristics different from the past have surfaced in modern warfare along with great changes in the means, tactics, and ways of war. Nevertheless, the basic law of war has not changed, nor has the nature of our Army as a people's army; Mao Zedong's basic principles on building a people's army, the concept of people's war, and strategies and principles, especially his military dialectics, continue to have universal guiding significance, and this is a mighty ideological weapon for making preparations for future wars against aggression.

Mao Zedong Thought is an ever-developing theoretical system. It was none other than Comrade Deng Xiaoping who became an outstanding representative and brilliant model in pushing Mao Zedong Thought to a new realm and new heights. As an important member of our party's first-generation collective leadership, Comrade Deng Xiaoping participated in the founding of Mao Zedong Thought; furthermore, as the core of the party's second-generation collective leadership, he has led the Chinese people in the great practice of reform, opening up, and modernization, concentrated the wisdom of the whole party, enriched and developed Mao Zedong Thought, initiated the theory of building socialism with Chinese characteristics, and realized the second historical leap of Marxist basic tenets combining with China's concrete practice. In the application and development of Mao Zedong Thought, Comrade Deng Xiaoping's scientific attitude of seeking truth from facts, his outstanding political wisdom, and Marxist spirit of blazing new trails have been given full play. As the chief architect of China's reform, opening up, and socialist modernization, Comrade Deng Xiaoping has personally planned for and led our Army in building a revolutionary, regular, and modern army. He has adhered to and inherited the most fundamental essence of Mao Zedong's military thinking, set out our Army's purpose of serving the people heart and soul, and brought forward our Army's glorious traditions and "five kinds of revolutionary spirit" to always maintain our army's political color. At the same time, with extremely great political boldness and theoretical courage, he set out the guiding idea for army building and the need for implementing strategic change through profoundly analyzing the world strategic situation today, the characteristics of modern warfare, China's national conditions, and the Army's actual conditions. He indicated that our Army building must take modernization as the center, strengthen quality building, and take the road of picked troops with Chinese characteristics, while building our Army into a powerful, modern, regular, revolutionary army. He stressed the need to augment scientific research and improve weaponry and equipment, as well as elevate education and

training to a strategic position, work hard to improve cadres' ability in commanding modern warfare, and bring up qualified people who are able to fight a war and pursue socialist construction, namely training people for both military and civilian jobs in a big way. He stressed the need to complete and perfect rules and regulations, be strict with discipline, and adhere to strictly running the Army and the need to augment logistics building to meet the demand of the new situation and the needs of modern warfare. He has called for exerting efforts to make cadres more revolutionary, younger in average, better educated and more professionalized; to augment and improve ideological and political work; continuously push the building of spiritual civilization in the army; bring up soldiers with lofty ideals, moral integrity, a better educational background, and a high sense of discipline; and so forth. All this has shaped into Deng Xiaoping's thinking on army building for the new period sharply marked with the characteristics of the times. This thinking has answered and resolved, with originality, a series of basic issues in theory and practice about our army building during the new period, and is the fundamental grounds and guiding thinking for our army building and reform. Without Mao Zedong military thinking, there would not have been the growth of the People's Army and the victorious development of the people's revolutionary wars. Likewise, without Deng Xiaoping's thinking on army building during the new period, there would not have been the great accomplishments of our army reform and building today. To firmly arm the whole Army with Deng Xiaoping's thinking on army building during the new period is basic insurance for victoriously advancing along the road of building a modern army with Chinese characteristics.

Carrying forward the cause and forging ahead into the future, the third-generation collective leadership of the Central Committee with Comrade Jiang Zemin as the core has held aloft the banner of Marxism-Leninism-Mao Zedong Thought and has continuously pushed forward China's great cause of reform, opening up, and modernization. The Central Military Commission with Comrade Jiang Zemin as chairman has formulated military strategic principles for our Army during the new period based on Deng Xiaoping's thinking on army building during the new period and has set out the general requirement of "being politically eligible, skillful in military affairs, strict with discipline, and effective with logistics," and has drawn up a series of important decision on augmenting the building of a more revolutionary, modern and regular Army. The whole Army, from the top down, has brought forward our party's fine traditions in a big way, united as one, worked hard, and continuously made new progress in military affairs, political work, and logistics and defense scientific research in the course of reform.

The century from the birth of Comrade Mao Zedong has been one of earth-shaking changes which have taken place in China and the world. The most significant commemoration of Comrade Mao Zedong is to inherit

and develop Mao Zedong military thinking and forge ahead along the broad path of building a modern army with Chinese characteristics initiated by Comrade Deng Xiaoping. It is necessary for us to consciously meet the requirements set out by the Central Committee and Central Military Commission with Comrade Jiang Zemin as the core, work hard to arm our thinking with the theory of building socialism with Chinese characteristics, continuously enhance our resolution in "adhering to the party basic line without wavering for a hundred years," and enthusiastically support various reforms with building the socialist market economic structure as the goal. It is imperative to firmly implement our Army's military strategic principles for the new period, continuously augment the Army's quality building, and improve the Army's combat effectiveness in a comprehensive way to provide reliable security insurance for reform, opening up, and socialist modernization. It is necessary to augment the Army's political and ideological building in a big way and take the lead in building socialist spiritual civilization in the whole society. Comrades of the whole Army, let us closely unite around the Central Committee and Central Military Commission with Comrade Jiang Zemin as the core, go all out in doing substantial work, exert great efforts to make the country strong, and work hard together with the people of the whole country in building and defending a prosperous, powerful, democratic, and civilized socialist country while advancing toward the 21st century full of confidence!

Economic & Agricultural

Zhu Rongji Addresses Grain Price Meeting

OW0501182994 Beijing XINHUA Domestic Service in Chinese 1016 GMT 27 Dec 93

[By Central People's Radio Station correspondent Luo Guanxing (5012 6034 2502) and XINHUA correspondent Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 27 Dec (XINHUA)—A national meeting convened by the State Council for keeping down grain and edible oil prices was held in Beijing on 25 December. Zhu Rongji, member of the CPC Central Committee Political Bureau Standing Committee and vice premier of the State Council, emphatically pointed out at the meeting: Prices of grain and edible oil are the base prices of the market. Therefore, we must quickly curb the current rise of these prices and bring them back to a reasonable level so we can prevent a possible chain reaction. To achieve this, all localities must act as one body, coordinate their efforts, and immediately take effective measures to resolutely lower the current excessively high prices of grain and edible oil as well as ensure a stable market in order to create a favorable climate for the smooth institution of various reform measures in the next year, and for ensuring the economy develops rapidly and in a sustained and healthy manner.

Li Lanqing, Li Tieying, Chi Haotian, Ismail Amat, and other leading comrades of the State Council attended and spoke at the meeting. Also attending were responsible officials of various concerned departments and responsible comrades of concerned departments of the people's governments of all provinces, autonomous regions, and municipalities.

The meeting was presided over by State Councillor Luo Gan, who is also secretary general of the State Council.

Zhu Rongji said: Since November, prices of grain and edible oil have risen by a large margin—from the coastal areas to the interior of the country, from the south to the north—rapidly spreading to many localities across the country. In some localities, this might have been caused by the inadequate supply of grain, low grain stocks, untimely shipping of grain, and other factors. But judging from the overall situation, this has been primarily caused by psychological factors, speculation, and other temporary factors. This year, China's grain output has been abundant, grain stocks have been ample, and grain transportation has been ensured. As long as we provide better guidance; unify our thinking; eradicate the erroneous idea that "price increases do not matter," as is harbored by comrades of some localities and departments; and employ various kinds of propaganda to clear misunderstanding and doubts from the masses' minds, we will completely be able to swiftly keep down grain prices and return them to a reasonable level.

Zhu Rongji pointed out: Some feel they no longer need to watch grain prices now that control of grain prices has been lifted. This is a misunderstanding of the market economy. Decontrolling the grain market and prices does not mean we no longer need to pay attention to them, and certainly does not mean we can let things go their own way. According to the law of market supply and demand, exercising regulation and control of grain prices—which affect the national economy, the people's livelihood, and social stability—is a common practice in market economy countries as well as an important part of our macroregulation and control efforts.

Zhu Rongji stated: The current efforts to keep down the prices of grain and edible oil and to stabilize the market are an important decision made by the CPC Central Committee and the State Council; this decision must be resolutely implemented. Localities across the country should act as one body and quickly carry out the decision. First, by the end of this year, state-owned grain stores should lower the selling price of grain to around the level established in the state's plan for 1994; localities who fail to reach this level must not take the opportunity to raise grain prices. Second, grain prices should be further appropriately lowered before the Spring Festival to provide room for the readjustment of grain prices scheduled to be made next year. State-owned grain stores should fully serve as a major player in regulating and controlling the grain market; they should list the lowered prices and should supply grain without setting restrictions. While the purchase price of grain

stays high, state-owned grain departments should not race to purchase grain at high prices, but should insist on purchasing grain at originally established prices. They should realize the grain supply is ample and the purchase price of grain will decrease after the selling price is lowered and stabilized. The grain and oil currently to be sold at lowered prices was purchased at previous prices; therefore, selling them at the lowered prices will not increase grain departments' losses.

The meeting urged all concerned departments of the State Council to meticulously organize and coordinate work on keeping down the prices of grain and oil. It urged grain departments to organize cadres and workers—group by group and from time to time—to study the macromanagement of grain circulation under the conditions of the socialist market economic system, and to improve their business management skills to ensure a good job in circulating grain. The meeting called on the railway and other transportation departments to give priority to and fully assure the transportation of grain, edible oil, and non staple food; it called on local people's governments at all levels as well as their grain, price, industry and commerce, taxation, and other concerned departments to tighten supervision and inspection of local grain markets and to properly manage them; it resolutely urged cracking down on unlicensed grain dealing, attempting to drive up grain prices, speculation, and attempting to manipulate grain markets in order to ensure the grain market remains stable and the objectives of price lowering are achieved within the specified period.

The meeting emphasized: While stabilizing the grain prices and the market, we should effectively strengthen our leadership over agricultural production, take effective measures to ensure good agricultural production this winter and the coming spring, and, following the bumper agricultural harvests we have this year, strive to reap another good agricultural harvest next year.

Bai Meiqing, vice minister of internal trade, briefed the meeting on the "Opinions on the Arrangement for Keeping Down the Prices of Grain and Edible Oil and for Stabilizing the Market," which was prepared by the State Planning Commission, the State Commission for Economics and Trade, the Ministry of Internal Trade, and the State Grain Storage Bureau. He also set forth a plan for keeping down the price of grain and edible oil and for stabilizing the market; he urged grain departments at all levels to go all out and take the lead in keeping down the price of grain and edible oil, to endeavor to ensure a good job in grain and edible oil processing and transportation, to supply grain and oil in a timely manner at the announced lowered prices without setting restrictions, to not set limits on the amounts of grain and oil to be sold, and to ensure that grain and edible oil are not out of stock. He also urged grain departments to ensure grain and edible oil supplies for key large and medium cities as well as for poor areas, and to ensure timely supplies at wholesale prices for the cafeterias of universities and special secondary schools.

The meeting coordinated and decided the procedures for lowering the price of edible oil and the standard levels of the price of edible oil. Based on production-supply-marketing balance situations and the price relations in specific localities, the meeting decided the price parities for respective localities and for grains and edible oils of various categories.

Planning Official on Grain, Oil Prices

OW0601103994 Beijing XINHUA Domestic Service in Chinese 1235 GMT 5 Jan 94

[By RENMIN RIBAO reporter Fei Weiwei (6316 0251 0251) and XINHUA reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 5 Jan (XINHUA)—Luo Zhiling, vice chairman of the State Planning Commission, today briefed the capital's press circles on price situation in the market, pointing out that the government would take effective measures to stabilize prices in the course of deepening reform.

Grain and edible oil prices have risen sharply since November because of anticipation of higher prices, rumors, untimely shipping, speculation by a handful of units, and other irregular factors. The price rise has also spread to pork and other major nonstaple food items. The rise in grain and edible oil prices has triggered panic buying in some localities, exacerbating people's fear of inflation. Following the situation with great interest, leading comrades of the CPC Central Committee and State Council have personally conducted investigations and solicited views from the masses. A number of measures to stabilize grain and edible oil prices have been announced one after another since mid-December. In particular, following the 25 December work conference convened by the State Council for keeping down grain and edible oil prices, governments at all levels took the matter seriously. They promptly took action by convening special meetings to make specific arrangements requiring retailers to mark the prices of grain and edible oil. The State Planning Commission, Internal Trade Ministry, Railways Ministry, State Administration for Industry and Commerce, and other departments have either convened meetings or issued circulars to outline specific arrangements for fully utilizing major channels of circulation; for organizing the procurement, allocation, shipping, and marketing of grains; and for stepping up the monitoring and supervision over market prices.

At present, state-owned grain shops in large and medium-sized cities across the country—including some prefectures, cities, county towns, and market towns—sell grain at uniform marked prices with unlimited supply. The prevailing marked prices in the localities are as follows: standard flour, 0.55 to 0.65 yuan a jin; Class-2 standard polished long-grained rice, 0.65 yuan a jin; and rapeseed oil, 3.2 to 3.5 yuan a jin. The state has sold 5 billion jin of reserve grains and 32,000 metric tons of

reserve commodity edible oil. Shaanxi, Shandong, Anhui, Beijing, and many other provinces and cities have also sold local reserves to stabilize grain and edible oil prices in their localities. To ensure implementation of the policy and measures of the CPC Central Committee and State Council, local price, grain, industry and commerce departments have dispatched personnel in force to monitor and supervise prices in the market. In Beijing alone, over 600 monitors make daily rounds of the grain stores. Thanks to the aforementioned measures, grain and edible oil prices have dropped in some localities.

The state will implement a series of major reforms involving taxes, exchange rates, finance, banking, and investment in the New Year. Luo Zhiling pointed out: Implementation of these reforms will help build the basic framework of a socialist market economy. The steps and scope of reform will be big, covering all sectors and all trades. In formulating the program, we have taken the interest of all quarters—the immediate interest of the broad masses of the people in particular—into consideration. Generally speaking, reform will not trigger widespread price hikes. In case it has some impact on certain sectors or commodities, the state will pay adequate attention to them and spare no efforts in devising reform plans and supporting measures to soften the impact on society. The total supply and demands will remain basically balanced in 1994. In the current year, we have plentiful grain resources; the grain output was 30 billion jin higher than in the previous year and we are well-stocked in grain. The state will take a variety of measures to increase the supply of edible vegetable oil. Supply and demand of home appliances, clothing items, and other articles for daily use are basically balanced and, in some cases, supply outstrips demand. We are entirely capable of ensuring adequate supply and keeping the prices relatively stable. The broad masses of the people can set their minds at rest.

As for additional measures the government will take to keep the prices stable, Luo Zhiling said: We have made initial progress in stabilizing grain and edible oil prices. However, governments at all levels will continue to keep a close watch on the market. They will step up administration and monitoring of the market around the holidays to uncover problems and solve them in a timely fashion. The state will continue to organize well procurement, allocation, shipping, and marketing of grain, edible oil prices, and other essential materials and sell reserve grains to further bring down prices. To step up control and supervision of the prices, we will, in the near future, ask the State Council to publish "Provisions Concerning Marking the Prices of Commodities and Services" and "Procedures for Supervision Over the Prices of Daily Necessities and Services in Urban Areas." Price departments at all levels should organize and step up supervision and inspections in accordance with the two sets of regulations. They should earnestly investigate and prosecute illegal activities involving exorbitant profits by driving up prices and disrupting the market, conscientiously protect the interests of the consumers, and see to it that reform and opening up go

forward smoothly. As we stabilize market prices, localities and departments must not raise prices or service fees under one excuse or another. State-run enterprises and establishments must take the lead in implementing, in an exemplary manner, the state laws and policies on prices and give full play to their role as the main channels for regulating goods and stabilizing prices. They must not take advantage of reform to drive up prices for the benefit of small groups. Violators, once caught, will be punished severely. We also hope that the broad masses of people will, as masters of the state, step up public supervision of the market prices.

Liu Zhongli on Reforming Finances, Taxation

HK0601134694 Beijing ZHONGGUO XINWEN SHE
in Chinese 1046 GMT 24 Dec 93

[By reporter Liu Hong (0491 4767): "Liu Zhongli Stresses Once Again the Need To Handle Correctly Relations Between Macroeconomic Control and Market Economy in Order To Push Forward Financial, Taxation Reform"]

[Text] Beijing, 24 Dec (ZHONGGUO XINWEN SHE)—Chinese Finance Minister Liu Zhongli pointed out today that correct handling of relations between strengthening macroeconomic control and giving play to market roles is proving to be a major issue, which already has cropped up or probably will emerge in our financial and taxation work and in the related reform.

This was the second time within a single month that Liu Zhongli had touched this subject at national meetings on financial affairs.

At the annual meeting of the China Institute for Financial Studies and the 11th session of the national symposium on financial theory, as well as at the national work meeting on financial and scientific research—both of which are in session in Beijing—Liu Zhongli indicated: To carry out financial and taxation work and the related reform, we should not set the efforts to strengthen macroeconomic control against the efforts to bring the role of market mechanism into full play; instead, we should seek unity between the two.

He said: On the one hand, while pushing forward reforms in the fields of finance, taxation, accounting, and the management of state assets, we should give full play to the role of the market mechanism and should create conditions for facilitating fair competition among main market bodies—selecting the superior and eliminating the inferior, while optimizing the disposition of resources. On the other hand, we still need to make use of financial policies, and of such means as budgeting and taxation to step up our control, management, and supervision over the market. Following the transformation of government functions, in particular, financial and monetary sectors will become two major pillars for the state in its effort to exercise macroeconomic regulation and control. By then, financial departments should focus their work on regulating the economic structure and

social distribution through budgeting and taxation, and on bringing about a basic balance in the total social supply and demand, straightening out the mistakes of the market and making up for its insufficiencies through the well-coordinated use of both currency and financial policies.

Liu Zhongli added: Of course, the focus of work varies at different work stages. To adapt ourselves to different realities, we sometimes need to place more stress on the role of the market, and sometimes on macroeconomic control and regulation by the state. What we should not do, however, is to stress the importance of one to the neglect of the other.

Article on Macroeconomic Regulation, Control

HK0401063094 Beijing JINGJI GUANLI in Chinese No 11, 5 Nov 93 pp 11-13

[Article by Ding Baoshan (0002 1405 1472), edited by Yang Jian Xiu (2799 3005 0208): "Several Problems in Strengthening Macroeconomic Regulation and Control"]

[Text] Does socialist market economy need macroeconomic regulation and control? How to carry out macroeconomic regulation and control? People do not have completely identical viewpoints on these questions. Hence, many of the problems occurring in the current macroeconomic management have something to do with this situation.

I. The Necessity of Macroeconomic Regulation and Control

History and reality prove that market economy needs macroeconomic regulation and control. Capitalist market economy has existed for several hundred years. So has macroeconomic regulation and control, though it varies in scope and degree. What needs our special emphasis is that macroeconomic regulation and control in capitalist market economy has not weakened, instead it has become stronger and stronger as history has developed to its present stage. The newly emerging industrial countries since World War II lay greater emphasis on and pay more attention to the role of macroeconomic regulation and control than the old-line capitalist countries, and have consequently achieved remarkable results. The cause lies in several points: 1) The problem of overall economic balance, that is, the balance between aggregate demand and aggregate supply; 2) the problem of big economic structures such as the proportion between industry and agriculture, the proportion between various industrial departments, the relationship between industry and trade, and the relationship between production development and construction of infrastructure; 3) the problem of competition on an equal basis, that is, opposing monopoly and maintaining fair competition on an equal footing; 4) the problem of the relationship between equality and efficiency, that is, maintaining social justice and equality

and preventing over-polarization while ensuring a certain efficiency; 5) the problem of public services or social consumption, such as basic public utilities, elementary education, public health and national defense and security; 6) the problem of the natural and social environment in economic development, such as the ecological balance, resource protection, environmental protection, and the protection of citizens' lives and property. The solution to all these problems depends mainly on the government's macroeconomic regulation and control rather than mainly or completely on the spontaneous acts of enterprises and individuals under the influence of the market mechanism. It is a general law that market economy needs macroeconomic regulation and control, and socialist market economy is no exception.

Why should market economy pay attention to and strengthen macroeconomic regulation and control under the condition of socialism? This is determined by its own characteristics. First, public economy, especially state-owned economy, plays a leading role in social economy. It needs to concentrate all social forces to carry out overall, major economic construction that concerns the national economy. This not only requires the strengthening of macroeconomic regulation and control, but also makes it possible to carry out macroeconomic regulation and control. Second, it is to eliminate poverty and move toward prosperity together. Being the inherent requirement of the socialist system, it sets a higher demand for the relationship between efficiency and equality than in other countries that practice market economy. Consequently it will depend more on macroeconomic regulation and control over the state's policy for income distribution to solve this problem. Third, the transition from a highly centralized planned economy to a socialist market economy. It is a long process of exploration. It is not possible to depend solely on decentralizing powers to enterprises to achieve this aim. It should depend on macroeconomic regulation and control and powerful administrative interference by the government. Fourth, in the process of modernization from a big agricultural country which depends on its 800 million peasants to feed the nation, it is neither possible nor necessary for us to follow the old road of long-term development taken by countries in Europe or America. Instead, we should take a quicker road of development with Chinese characteristics. This requires that the government play a greater and more forceful role.

II. The Content and Scope of Macroeconomic Regulation and Control

Planning, finance and banking are the three important aspects of macroeconomic regulation and control by the state in market economy.

1. Planning. Capitalist countries also make plans. However, plans made by different countries vary in form and scope. Some newly emerging industrial countries practice that type of economy which attaches great importance to planning, with the government playing a guiding role. What we want to do in the practice of market

economy is to give up the old system of planned economy thoroughly. But it is by no means the case that planning is not needed. We need to replace highly centralized mandatory planning with guidance and policy-oriented planning. The stress of the state plan lies in determining the strategic goals for the national economy and social development in a rational way, doing a good job in economic development forecasts, control over total supply and demand as well as programing of major structures and layout of productive forces, focusing necessary financial and material resources to carry out major construction, and using economic levers comprehensively to promote the long-term, stable and coordinated growth of the national economy. Practice has proved that this kind of planning is highly necessary and workable.

2. Finance. It is the main means of state macroeconomic regulation and control. By means of financial revenue, the state can regulate the aggregate social supply and demand. It can also regulate the economic structure, regional structure and social distribution and redistribution. At present, the principal problems in our finance are: Revenue levying is not efficient, while its payment is far from sufficient. There have been great losses in taxes. The relationship between central finance and local finance has not been straightened out. The growth of central financial revenue lags far behind that of the national economy, being unable to meet the needs of state macroeconomic regulation and control. In expenditure, economic expenditure is not clearly separated from construction expenditure, with each crowding out the other. Consequently the efficiency of utilization is low. To solve these problems, it is necessary to practice a unified taxation system as well as the system whereby enterprises pay tax plus a percentage of profits, to strengthen supervision of tax collection by law, to practice the system of tax sharing and to increase the proportion of tax revenue going to the central government. It is also necessary to produce dual budgets and handle well the relationship between feeding the people and construction. What needs pointing out especially is that the state power of financial control and its use is the material basis for the realization of macroeconomic regulation and control. Power of financial control chiefly refers to the proportion of national revenue in the GNP and the proportion of central revenue in the GNP. Since the reform and opening up to the world these two proportions have decreased quickly. The proportion of central revenue has decreased by a large margin. Consequently it makes it difficult for state macroeconomic regulation and control to achieve good results due to the loss of effective financial support. It also makes it difficult to carry out a lot of reform measures (including price, wage, and other reforms) smoothly and in a timely manner due to the lack of financial backup. Some people of insight in the West have long since discovered that China is a country with the most diverse financial resources and the weakest central finance control capacity in the world. It is because of a solid financial basis that those Western countries that practice market economy, like the United

States and Japan, can more effectively realize government macroeconomic regulation and control. This point is worth our learning.

3. Banking. It is the economic means and measure for state macroeconomic regulation and control. The government controls the overall supply and demand for currency, the total scale of credit investment and the aggregate import and export amounts by way of monetary policies and measures such as issuance of basic currency, credit loans, interest rates and exchange rates. At the same time it affects the microbehavior of enterprises. At present, the main problems existing in our banking sector are: The central bank, with no independence or definite functions, finds it difficult to establish its authority; the coexistence of the policy-oriented function and business-oriented function in specialized banks leads to inaccurate action; there is too much intervention in local banks by governments at various levels; the dual exchange rate system confuses import and export trade. The ways to solve them are: Establish an independent, authoritative central bank as soon as possible; organize and establish state policy-oriented banks; change specialized banks into real commercial banks; limit illegal intervention in banks by local government with laws and policies; change the exchange rate system and gradually practice the system of a free exchange rate. What needs pointing out in particular is that the confusion that has occurred in the present monetary system has a lot to do with the above-mentioned problems. Moreover, it also accounts for the fact that banks and monetary institutions get involved directly or indirectly in the purchase and sale of shares and securities, real estate business and non-monetary profit-making activities. There are two types of relationship between banking and the securities sector. One is the American model, that is, banks and securities are established separately. The other is the West European type, that is, banks can run securities business at the same time. As for the relationship between banks and enterprises, there are three types. One is the American type, that is, banks are strictly separated from enterprises. Neither can hold shares in the other. Another is the German type, that is, banks can hold shares in enterprises, but not the other way round. Still another is the Japanese type, that is, both enterprises and banks can be mutual shareholders. Each type has its own merits and demerits. As there are no definite responsibilities or relationship between the central bank and specialized banks and between policy-oriented banks and commercial banks in our country and the laws concerning banking institutions and their operations are not perfect, for a certain period of time banks and monetary institutions should be forbidden to get involved in securities exchange and other activities of non-monetary investment and management. Otherwise, it will be really difficult to establish normal order in the monetary market.

The contents of macroeconomic regulation and control in socialist market economy also include industrial policy, price management, infrastructure construction,

state asset management, etc. Through the formulation of industrial policies, the state provides enterprises with guidance in the choice of industries for investment, quickens industrial adjustment and replacement and promotes the upgrading and modernization of the industrial structure. Price management is one of the important functions of the government. Price reform should be carried out in order and step by step under government control, especially when price relationships are not yet straightened out. Even later, after price relationships are basically straightened out, prices of some important products concerning the national economy and the people's livelihood should be controlled directly by the state. As for the construction of large-scale infrastructure, major projects like communications hubs and city public utilities, which require big investment with long construction periods and low profit, and even losses, should mainly depend on investment from the government. State assets need government management all the more.

III. Problems in the Present Macroeconomic Regulation and Control

At present, the main factors affecting the efficiency of our macroeconomic regulation and control are: 1) The basic numbers are not clear. There exists the phenomenon of "holding something back," that is, no matter whether it is industrial output value, investment scale, financial revenue, or enterprise or personal income, a rather big leeway is left when reporting it to the higher authorities. And there exists another phenomenon in undeveloped areas, that is, targets, output, production value, revenue etc. are exaggerated; they are "inflated" to varying degrees. It is not a bad thing for localities, enterprises and individuals to store wealth. However, the problem is that the state has no idea how big the leeway left by the localities is, how much falsity there is in their reports and how large the margin is between the state statistics and the actual figures. It is easy to make mistakes in macro-decisionmaking because of unclear base numbers and judgments based on unreliable data. 2) The means for macroeconomic regulation and control are not perfect and effective. The ways and means of economic management are many, but few are really effective. Scale management is still one of the chief means we now use to control aggregate quantities in society. However, scale limits have been broken time and again both in investment in fixed assets and in credit. According to estimates by people in financial circles, actual credit loans completed are about one-fourth higher than the reported figure. The over-scale investment and low standard in duplicate construction of quite a number of localities directly affect the growth of the overall efficiency of the national economy. It is difficult to realize the efficiency of the macroeconomic regulation and control because we have not found a means for scale management that meets the demands of market economy. 3) The power and responsibilities of both the central and local governments are not definite; neither is there any clear division of work between them. The present situation is that the lower the administrative

level, the greater its ability to guide and control the economy, whereas the higher the administrative level, the weaker its ability to guide and control. 4) Orders are not obeyed nor prohibitions observed. There is a saying: The experience of success gained by local authorities is: "Do not do whatever the central government asks you to do and do whatever it asks you not to do." If things go on like this, the central government will lose its authority while local governments go their own way. It will be impossible to give full play to the advantage put forward by Comrade Deng Xiaoping, that is: "Socialism focuses its strength to do big things." It also directly affects the overall efficiency of the national economy. To deal with the above-mentioned problems, emphasis should be laid on doing a good job in the construction of the following four systems:

First, build a scientific, national economic statistics monitoring system that meets the needs of the healthy development of market economy, strengthen macromonitoring of basic statistics work and improve the scientific reliability and accuracy of statistics monitoring in order to reduce errors in macro-decisionmaking.

Second, build a sound macroeconomic regulation and control system that meets the needs of the development of socialist market economy. The various economic levers should be adjusted in accordance with the complexity and particularity of the targets of regulation during the transition of the economic system so as to ensure timely, appropriate and effective adjustment. Especially at present, we should intensify the application of financial means. As the present financial system is far behind this need, the step of reforming the financial system should be quickened.

Third, establish and perfect as soon as possible a responsibility-power division system, divide the financial power and administrative power reasonably between the central and local governments, and set a definite division of work and responsibilities so that each exercises its function to do a good job in whatever it should take care of.

Fourth, speed up the establishment of a system to guarantee effective implementation of the macropolicies, strengthen the construction of a legislative and law-enforcement contingent, strengthen supervision, and administer according to law so as to maintain the inviolability of state policies and regulations and thoroughly change the situation in which laws are neither observed nor seriously enforced.

Article Views Subject of Economic Growth

OW0501145194 Beijing BEIJING REVIEW in English
No 1, 3-9 Jan 94 pp 4-5

[Article by Geng Yuxin: "Old Subject—New Content"]

[Text] As we look back on the old year and ahead to the new and keep the world in view, we invariably feel

compelled to make various comments. What is the main topic of conversation in today's China? Economics.

China's economy has been developing by leaps and bounds since late 1978 when the government decided to shift the focus of its work on to economic construction. Today, as the situation develops and the world changes, new content has been added to the old topic. What exactly is the new content?

Firstly, following 15 years of practice and exploration, China's economic structural reform is finally proceeding under a clear objective model—the socialist market economic structure. The recent decision of the Third Plenary Session of the 14th Central Committee of the Communist Party of China outlines a blueprint for the new structure. The basic framework of the blueprint consists of the following five links:

- A modern enterprise system based mainly on public ownership, and which allows the common development of diverse economic sectors and complies with the requirements of a market economy;
- A unified national market system which is linked to the international market and which allows free exchange of various factors such as commodities and productive forces;
- A macro-economic control system centered on economic and legal means and necessary administrative measures;
- An income distribution system based mainly on the principle of "to each according to his work", and which gives priority to efficiency while taking fairness into account; and
- A multi-tiered social security system under which essential daily necessities are provided to both urban and rural residents.

This year, efforts will be made to increase the dynamics of reform in these areas, press ahead with overall reform and record breakthroughs in key areas. If certain factors in past reforms were as analogically unclear, as if we were "groping forward by feeling for stones to cross a river", then today we have a clear view of the "opposite bank" and, indeed, have already boarded a "ferry boat".

Secondly, further invigorating enterprises, controlling the balance between aggregate supply and demand and implementing industrial policies have brought about even brighter prospects for us to launch the national economy into an orbit of sustained, rapid and healthy development.

The fact that reform is also revolutionary and capable of liberating productive forces has long been borne out in practice. However, during the many years of economic development, we have frequently faced threats and interference from various factors such as "overheating", imbalance, inflation, chaos and major fluctuations.

In 1993, China was once again subjected to such threats as its economy entered a second year of rapid growth. Fortunately, a series of banking control measures resolutely adopted by the government almost immediately proved effective. Only then did we appropriately cool the overheated economy, overcome chaotic phenomenon and steadily bring about a second consecutive year with a 13 percent rise in economic growth. The total volume of imports and exports and the amount of introduced foreign capital continued to increase by a large margin. These experiences alone prove that so long as correct macro-control measures are adopted to constantly maintain a balance, it is possible to avoid major fluctuations and wide-ranging readjustments that given situations demand. Experts predict that in order to ensure favorable conditions for the adoption of many important reform measures, it is appropriate to fix the economic growth rate at around 9 percent.

Thirdly, since the end of the world pattern characterized by bipolar political and military confrontation, the economy has played an increasingly remarkable role in international relationships. Although hegemonism and power politics continue to exist, a multi-polar pattern taken shape against a background of a contest of economic strength is developing, and the principle of placing priority on the economy has become a inevitable development trend in international exchanges. At a time when many parts of the world are in the grips of economic recession, a dynamic Asia, especially a China developing at the fastest pace, has attracted extensive attention from the international community, and has become the target in the shift in the strategic focus of international economics. Numerous countries have expressed great interest in China's vast market and attractive investment environment, and one after another have readjusted their policies toward China. A new "China craze" has emerged.

The recent Sino-US Summit held during the Asia-Pacific Economic Cooperation Conference in Seattle reaffirmed the importance of developing bilateral relations [on] the basis of the three joint communiques, and the necessity to take the lead in restoring high-level contacts, as a welcoming move. The summit is expected to improve the cool Sino-US relationship, and proceed to bring about a turn in world peace development. Developing economic exchanges is essential for both sides, and is in no way dependent upon only one side. Such exchanges should be based on equality and mutual benefit, and not considered as a favor from one side to the other. The foundation for exchanges and cooperation is common interest, not identical ideological and social systems. Therefore, seeking common ground while reserving differences, and guaranteeing equality and mutual benefit and non-interference in each other's internal affairs are vitally important to improving the relationship.

We wish that friendship and cooperation between China and various countries around the world will develop

smoothly and with greater results on the basis of the Five Principles of Peaceful Coexistence in the coming new year.

Beijing 'Worried' of Impact of High-Speed Growth

HK0601053394 Hong Kong MING PAO in Chinese 6 Jan 94 p A2

[By special reporter Liang Kuo-jen (2733 0948 0088): "Beijing Leadership Is Worried About Great Risk Resulting From High-Speed Development, and Instructs Various Localities Not To Overestimate the Risk-Enduring Capacity of the Public"]

[Text] Facing the present situation in which major reform measures are expected to be put into effect one after another in the new year, the Beijing leadership has already been aware of the possible "high risks" resulting from efforts to speed up reform and development. Recently, the central authorities issued a document to all localities, instructing the leaders not to overestimate the "risk-enduring capacity" of the public. At a time when reform measures are being announced, all localities are required to draw up emergency measures, "which may look casual outwardly but strict inwardly," which aim at dealing with shocks and contingencies which may break out any time. The "Emergency Center" of the Central Bank is also "ready for battle," preparing to cope with any unexpected changes in the exchange market.

Luo Zhiling, vice minister of the State Planning Commission, admitted that the panic purchases of grain in parts of China since last November have served to prepare the public for future price rises. He claimed that reform is not aimed at bringing about a general rise in commodity prices, and the state will take steps to stabilize prices.

Relevant sources have disclosed that China's four major specialized banks, namely the Bank of China, the Industrial and Commercial Bank of China, the Agricultural Bank of China, and the People's Construction Bank of China, has sent urgent cables to their branches in all parts of the country, summoning directors of all provincial- and regional-level branches to attend a meeting in Beijing next week to discuss issues concerning deepening reform and the anti-corruption struggle. It has been learned that the major agenda of the meeting for branch heads will be the possible impact produced by the unification of the existing dual rate system of renminbi, as well as the commercialization of specialized banks.

It has been noted that the Beijing leadership has showed concern over the possible impact produced by the announcement of a series of reform measures this year, and is also plagued by unsatisfactory results of the anticorruption struggle which was launched at an early time, for fear that all these may serve to further impair the reputation of the government. In order to prevent "a fine start and poor finish" for the anticorruption campaign, the central authorities recently sent instructions to

all localities, warning that though they can tune down their propaganda pitch a little, no localities are allowed to claim to have attained "accomplishments at the present stage" of the anti-corruption campaign, for only the CPC Central Commission for Discipline Inspection has the right to say so. At present, the CPC Central Commission for Discipline Inspection is carrying out intensive investigations into several "super-large cases," yet at a very slow pace. The leadership cherishes the hope that the cracking of several major cases can set off another upsurge of the anti-corruption struggle and show all nationalities the determination of the central authorities.

The Central Bank Gets Prepared for Unexpected Changes, and Sets the Bottom Line of the Exchange Rate at 10 to the Dollar

Sources have revealed that before it scrapped the dual-rate currency system, the People's Bank of China (the central bank) made full preparations for possible big ups and downs in the exchange market when it began to float the yuan. Although nothing serious happened during the first three days, the 24-hour emergency center (the duty room) still "maintains its combat readiness." It has been learned that the leadership has set the bottom line of the renminbi exchange rate at 10 to the dollar, and once the exchange rate drops to this level, the bank will strive to stabilize the rate with all necessary measures, including selling U.S. dollars and resuming a number of administrative methods previously in use.

Predictions show that the exchange rate of renminbi will remain relatively stable before the Chinese New Year, mainly because most foreign businessmen stationed in Beijing have returned to their own countries for the Christmas holidays and enterprise demands for foreign exchange are also relatively low. After the Chinese New Year, however, along with the "rise of temperature" of the entire economy, the exchange rate of renminbi will go through real tests.

In recent days, an apparent rise has been registered in Beijing's commodity prices; imported electric home appliances, in particular, are often in short supply. Stories have it that shortly after an advertisement for Sony brand electric home appliances was published on the newspaper, citizens rushing to the shop were surprised to find an increase of more than 10 percent over the advertised price; while prices of ordinary Japan-made hi-fis also went up from over 4,000 yuan to over 5,000 yuan, registering an increase of more than 20 percent. Prices of grain, oil, and some basic consumer goods remain relatively stable under state control.

It has been learned that when the policy of unifying dual exchange rate was first announced, Foreign Exchange Certificates (FEC) traded in Beijing at 1 to the yuan; though the rate later rose to 1 to 1.45 yuan, FEC dropped again yesterday to 1 to 1.25 yuan. In the black market, people only want to buy, they do not sell, U.S. dollars, for most people intend to buy U.S. dollars for future use.

The black market rate generally remains at around 8.68 to the dollar in a recent period, similar to the state swap rate. In Harbin City, center of Sino-Russian trade, however, people are trading the yuan at 9 to the dollar. Rates in coastal port cities, like Yantai and Weihai, are higher than those in inland areas.

Government To Help Localities Repay Foreign Debts

*HK0601033094 Hong Kong MING PAO in Chinese
5 Jan 94 p A10*

[By staff reporter Yang Liu (2799 2692): "As the Unified Exchange Rate Increases the Cost of Foreign Debts, the Central Government Adopts Measures To Help Localities Make Repayments"]

[Text] The unification of the two exchange rates has devalued the renminbi by 33 percent. This has increased the cost of local governments in paying foreign debts and created a new burden. It is disclosed that according to a State Council decision, the State Planning Commission and the Ministry of Finance will coordinate with the planning commissions of various provinces, autonomous regions, and municipalities directly under the central government in jointly solving this issue. The Ministry of Finance will also undertake some of the local governments' foreign debts to help them repay part of their debts.

In an interview with this reporter yesterday, Tao Liming, deputy director of the International Monetary and Financial Institute of the Bank of China, said: The central government has noticed that, in the years between the Seventh Five-Year Plan (1986-1990) and the Eighth Five-Year Plan (1991-1995), some of the foreign debts contracted by the local governments were calculated at the official rate of less than 4 yuan or 5.9 yuan [figures as published] to the U.S. dollar. Now that the renminbi has been devalued following the unification of the two exchange rates, which means foreign debts should be calculated at the new rate of 8.7 yuan to the dollar, the cost and burden of the local governments will suddenly increase if they exchange renminbi for the dollar at a designated bank for the repayment of foreign debts.

Some time ago, a considerable proportion of the foreign debts incurred by the local governments was invested in electricity, communications, and water conservation projects for agricultural use. When these projects are completed and go into operation, the country as a whole will benefit.

Officials from Chengdu as well as Guizhou, Yunnan, and other provinces told this reporter: In the past dozen years or so, the localities have joined in many large construction projects, such as railways, power stations, and water conservation projects, and have borrowed money to finance these projects. Now that the exchange rates are unified, they are anxious to find ways to deal with the substantial increase in the cost of foreign debts.

Tao said that by a decision of the State Council, the State Planning Commission and the Ministry of Finance will coordinate with the planning commissions of various provinces, autonomous regions, and municipalities directly under the central government in helping the local government solve this new issue.

By the end of 1992, China's foreign debts came to \$69.3 billion. At the National People's Congress meeting last March, Finance Minister Liu Zhongli said China would borrow 26.9 billion yuan in new foreign debts (amounting to \$4.56 billion at 5.9 yuan to the dollar). The servicing of foreign debts will hit a peak this year and the next. But a relevant department said that China has a good reputation in repaying foreign debts. He said: In a bid to stabilize the exchange rate of renminbi and further boost monetary reform, Chinese monetary authorities plan to open a renminbi futures business. Tao did not elaborate specific measures, such as when this will open.

Tao also said yesterday that, following the unification of the exchange rates, the exchange rate of renminbi in mainland cities have been basically stable in the past few days. He added: The Chinese monetary and financial departments have made ample preparations for the unification of renminbi exchange rates on 1 January 1994.

For example, starting in early 1993, the authorities intentionally liberalized business by calculating the settlement of foreign trade exchange according to the swap price. By the end of last year, some 80 percent of imports and exports by mainland enterprises, labor export, and exchange transactions between enterprises was calculated according to the swap price. When the basic conditions for monetary reform were ripe, China announced the unification of exchange rates on 1 January and the rate has been basically stable since then.

According to Tao, foreign debts contracted by the central and local governments in the future will still be controlled by the State Administration of Foreign Exchange Control.

SEZ Import, Export Volume Sees Increase

HK0601044294 Beijing GUOJI SHANGBAO in Chinese 12 Dec 93 p 1

[Report by Jin Hongman (6855 1738 5585): "Total Import and Export Volume of Five Special Economic Zones Exceeds \$21.6 Billion in First 10 Months of This Year"]

[Text] Customs statistics show that the total import-export volume of China's five major special economic zones [SEZ] amounted to \$21.66 billion for the period from January to October this year, an increase of 16.1 percent over the corresponding period last year (all comparisons made below apply to the same time span of the year). As far as this is concerned, the export volume was \$10.17 billion, an increase of 6.4 percent, and this accounted for 14.7 percent of the country's total export

volume; whereas the import volume totaled \$11.49 billion, an increase of 26.2 percent, accounting for 15 percent of the country's total import volume.

With each SEZ considered separately, all the five major SEZ's have witnessed a growth in both imports and exports. The Shenzhen SEZ's export volume totaled \$5.4 billion, an increase of 4.2 percent; while its import volume totaled \$5.4 billion, an increase of 11.3 percent. Thus Shenzhen's export and import volumes was 53.1 and 47 percent of total import-export volume respectively. The Shantou SEZ's export volume totaled \$1.27 billion, an increase of 1.5 percent; while its import volume totaled \$2.01 billion, an increase of 75.2 percent. The Xiamen SEZ registered a more rapid growth in the export volume, which increased by 18.7 percent to reach \$1.61 billion; while its import volume increased by 19.6 percent to reach \$1.31 billion. The Zhuhai SEZ registered an export volume of \$1.18 billion, an increase of 10.5 percent; while its import volume totaled \$1.47 billion, an increase of 10.9 percent. The Hainan SEZ's export volume totaled \$710 million, an increase of 7.3 percent; while its import volume grew by a wide margin to \$1.3 billion, an increase of 100.8 percent.

In terms of the trade mode, general trading and the business of processing with imported materials have continued to grow, while the business of processing with supplied materials has declined. As far as exports are concerned, general trading was \$3.86 billion, an increase of 1.4 percent; processing with imported materials totaled \$4.75 billion, an increase of 15.9 percent; while processing with supplied materials was \$1.37 billion, a decrease of 15 percent. With regard to imports, general trading accounted for \$4.3 billion, an increase of 40.7 percent; processing with imported materials accounted for \$3.82 billion, an increase of 6.1 percent; processing with supplied materials accounted for \$1.03 billion, a decrease of 17.4 percent; while the value of equipment import by foreign investors totaled \$1.44 billion, an increase of 50.5 percent.

If classified by the nature of enterprises, the import-export volume of the foreign-funded enterprises in the SEZ's has kept on increasing, although the growth margin was narrower than that for the import-export volume of foreign-funded enterprises of the whole country. The export volume of foreign-funded enterprises in the SEZ's amounted to \$4.68 billion, an increase of 16.1 percent; their import volume amounted to \$5.79 billion, an increase of 19.9 percent. For the same period, the average import and export growth margins for all the foreign-funded enterprises in the country were 42.9 and 63.4 percent respectively. Meanwhile, the proportion of SEZ foreign-funded enterprises of the total imports and exports by all foreign-funded enterprises in the country decreased from 31 to 25.2 percent and from 26.1 to 19.1 percent respectively.

With regard to the export mix, primary products accounted for 10.8 percent, while finished industrial products accounted for 89.2 percent. As for the import

mix, primary products made up 13.7 percent, while finish industrial products made up 86.3 percent.

XINHUA Notes Development of Port Areas

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GMT 6 Jan 94*

["Roundup": "Port Groups Springing Up Along China's Coastline"]

[Text] Nanjing, January 6 (XINHUA)—Three port groups are springing up in north China's Bohai Sea Rim Area, east China's Chang Jiang River Delta and south China, respectively.

They are all located in China's most developed regions.

China has 32,000 km of coastline and some 300 deep-water wharfs which can handle ships of 10,000 DWT [deadweight ton] and over. In the past few years, both the central and local governments have stepped up efforts to construct ports.

The Bohai Sea Rim, the densest port group area in China, has now more than 40 ports along its 5,800-km coast, including Dalian, Qinhuangdao, Tianjin and Qingdao. It accounts for more than 40 percent of the nation's port handling capacity.

More large ports, including Huanghua Port in Shandong Province and Yingkou Port in Liaoning Province, will be enlarged and built in the area in the coming few years.

In the Chang Jiang River Delta, one of the key construction areas in China, a port group with Shanghai as the center has taken shape.

So far, more than 20 well-equipped and modernized ports have been built in the area, with more than 60 wharfs which can handle ships of 10,000 DWT and over. The area now accounts for about one third of the country's maritime cargo turnover.

According to local officials, the handling capacity of the Chang Jiang River Delta will double when Shanghai Port, Nanjing Port, Nantong Port, Beilun Port and Zhoushan Port are further expanded or renovated.

In south China a number of deep-water ports are under construction, apart from Guangzhou, Zhanjiang, Shantou and Fuzhou. They will include a 100,000 DWT coal wharf, a 50,000 DWT oil transfer wharf and a 50,000 DWT container wharf.

An international port system incorporating energy, industry and trade is rapidly taking shape in south China.

According to China's transport departments, Qinhuangdao Port in Hebei Province has become the largest energy transmission port in the world. Dalian, Tianjin, Zhoushan and Beilun have respectively become China's

largest foreign trade, container, crude oil transfer, and mineral ores and liquid petrochemical products transfer ports.

Economists predict that nearly ten ports in China, including Dalian, Qinhuangdao, Nanjing, Beilun, Guangzhou, Huizhou and Zhuhai, will each have a cargo-handling capacity of more than 100 million tons by the end of the century.

At the same time, a port construction wave is surging along the coast of the Yellow Sea.

Rizhao in east China's Shandong Province has become the second-largest coal port in China. Jiangsu Province will also build large transfer ports for crude oil and coal at Qidong and Dafeng.

In addition, statistics show that ports on the Bohai Sea Rim have set up trade relations with more than 160 countries and regions and contribute to more than half of the country's import and export trade volume.

Circular Issued on Land Asset Control

*HK0601055494 Beijing RENMIN RIBAO in Chinese
22 Dec 93 p 2*

[Report: "State Land Administration Bureau, State Commission for Restructuring the Economy Issue Joint Circular on Management of Land Assets of Enterprises Listed in Stock Exchanges Abroad"]

[Text] In order to prevent loss of state-owned land assets of enterprises listed in stock exchanges abroad, the State Land Administration Bureau and the State Commission for Restructuring the Economy issued a joint circular a few days ago.

The circular touched on four aspects of enterprises listed in stock exchanges abroad, that is, the limits of and procedure for assessing state-owned land assets, how to handle state-owned land assets, the method and proportion of converting land-use rights into stocks, and registration of changes in land-use rights.

According to the stipulations, the work of assessing land assets of all stock-experimenting enterprises established within the territory and authorized to be listed in stock exchanges abroad must be solely organized and conducted by the State Land Administration Bureau. As far as the procedure of assessment is concerned, enterprises or designated stock-holding units of state-owned land assets must first apply for assessment and submit relevant registration certificates on land-use rights use to the authorities, and then enterprises must select one of the assessment organizations recommended by the State Land Administration Bureau to assess their land assets and results of the assessment must be reported to the State Land Administration Bureau for confirmation.

The circular provided for how to handle state-owned assets of stock-experimenting enterprises listed in stock exchanges abroad: First, land-use rights are priced and

converted into stocks. Land-use rights obtained by enterprises through purchase are priced and converted into stocks, whereas land assets are converted into legal-person stocks. Second, the State leases land-use rights to stock enterprises and receives appropriate rents. After obtaining land-use rights through purchase, enterprises can lease land-use rights to stock companies.

The circular also explicitly provided for the amount and proportion of equity capital converted from the rights of using state-owned land. The amount should not be less than the total of examined and verified land assets divided by multiples of stock premiums, and the proportion should not be less than the proportion of total land assets to total state-owned assets of stock enterprises.

The circular also stipulated that reorganized enterprises listed in stock exchanges abroad can only apply to people's government departments responsible for land administration at and above the county level for changes in registration after getting official written replies from the State Land Administration on confirming the conversion of land assets into stocks.

Article Criticizes 'Legal' Tax Evasion

*HK0601101294 Beijing RENMIN RIBAO in Chinese
23 Dec 93 p 2*

["Economic Jottings" by Mu Zi (2606 1311): "'Legal Evasion of Taxes' Is Illegal"]

[Text] According to ZHONGGUO SHUIWU BAO [0022 0948 4451 0523 1032—CHINA TAX JOURNAL], some strange phenomena, such as "legal tax evasion training class" and "lectures on legal tax evasion," have appeared in society recently. Some books on "legal tax evasion" also have been published. What a strange thing! How can "tax evasion" be "legal?"

As a matter of fact, the so-called "legal tax evasion" is aimed at instructing tax evaders to pay less tax or no tax at all under the pretext of "legality." In the final analysis, it is aimed at instigating people to violate the law.

In China, with the development of reform and opening up, the contradictions between tax evasion and the struggle against tax evasion are growing day by day. The phenomenon of tax evasion has appeared in both domestic and foreign-owned enterprises, but more frequently in the latter.

Of course, this does not mean that all foreign-owned enterprises have evaded taxes. Many of them have been doing well in this respect, but quite a few of them have tried to evade taxes by all means in the links, such as signing contracts, providing funds, carrying out production and management, purchasing equipment and materials, and selling products. This is also a fact. The main method they have used is to transfer profit and let the enterprises suffer "losses." Checking their accounts, we find that the losses suffered by some foreign-owned enterprises in some areas are more than 50 percent of

their investment. Ridiculously, very few such enterprises have closed down because of these losses. Some foreign-owned enterprises that are suffering "losses" have even continued to increase investment despite such losses. These abnormal phenomena merely show that their "losses" are not real and that what they are doing is precisely to evade taxes. By doing so, the "tax evaders" have earned greater profits, but the interests of the state have been harmed.

To absorb foreign funds and implement a preferential tax policy toward foreign-owned enterprises is a policy we have adopted since reform and opening up. The purpose is to promote cooperation on the basis of mutual benefit. If the enterprises play tricks and try to evade taxes at the expense of the public interest, further cooperation between the two sides certainly will be harmed. This is not only a practice to which we are opposed, but also a practice that is not tolerated under international law.

Over the past few years, China's tax departments have studied the experience and practice of other countries in opposing tax evasion. Gradually, and in light of China's realities, they have worked out and perfected some laws, regulations, and methods, as well as a series of measures to fight tax evasion. It is necessary to run training classes on fighting tax evasion and to explain the relevant articles of the "Law of the People's Republic of China on Tax Levy and Administration" to those who try to evade tax payments "legally" so they can remember that it is illegal to "evade tax payments legally." It is also necessary for the departments concerned to check those people who are instigating others to "legally" violate the law, to see what kind of people they are.

Article on Strengths of Shareholding

Part One

*HK0501062094 Beijing RENMIN RIBAO in Chinese
16 Dec 93 pp 1, 2*

[Article by staff reporter Wang Qingxian (3769 3237 2009): "We Must Press On With Experimentation With Shareholding System—Survey and Thoughts on Transformation of Enterprise Shareholding System in China (Part One)"; first paragraph is RENMIN RIBAO editor's note]

[Text] The CPC Central Committee's "Decision on Issues Concerning the Establishment of a Socialist Market Economic Structure" adopted at the Third Plenary Session of the 14th CPC Central Committee set forth the task of "establishing a modern enterprise system." The fact that enterprises put into practice the shareholding system is one of the major forms of establishing a modern enterprise system. China has already experimented with joint-stock enterprises for several years and made new beneficial explorations for China's enterprise system. Recently, the State Commission for Restructuring the Economy, the State Economic and

Trade Commission, and the State Securities Commission jointly organized personnel to conduct surveys of some listed companies in some areas. The report written by a staff reporter and released today gives an idea of the surveys, the experience gained, and the new problems raised for everyone's reference.

Since China's economic restructuring has shifted from rural areas to cities, the vitality of state-owned enterprises, especially large and medium-sized enterprises, has been a central question with which we have always been concerned. What is the next step for deepening state-owned enterprises following the contracted responsibility system? Precisely against this background, the shareholding system was put forward. In October 1987, the report to the 13th CPC National Congress pointed out that "the forms of the shareholding system emerging in the course of reform, including the form whereby the state holds most of the shares, departments, localities, and enterprises hold some shares, and individuals can buy shares, is an organizational form for the property of socialist enterprises and can be experimented with continuously." Since then, the number of experimental joint-stock enterprises in various localities has increased rapidly. At present, there are some 5,000 joint-stock enterprises across the country, nearly 200 of which have their shares traded on the market.

As an organizational form of modern enterprise, the shareholding system is developing rapidly in China. Of course, this kind of development is still proceeding in an experimental stage. What people are concerned about is the question of whether or not the objective of deepening enterprise reform has been achieved after these experimental enterprises have been put into operation. If so, in what aspects is this reflected?

It Offers a Sharp Knife With Which To Separate Functions of the Government From Those of the Enterprise and a Foundation Stone on Which the Enterprise May Operate Independently. Now That the Enterprise as a Legal Body Possesses Property Rights, Its Numerous Relations With the Government Are Self-Evident, and Only By Being So, Can the Enterprise Operate Independently With Perfect Assurance.

The idea for state-owned enterprise reform in recent years has basically been the delegation of administrative powers. Power delegation involves two questions: First, the concept of power delegation itself is not the negation of the system of excessively concentrating the powers of the enterprise in the hands of the government. Therefore, power delegation is only limited, and an enterprise cannot change its status as a subsidiary of the government despite power delegation.

Second, precisely because of the reasons mentioned above, there is a comparatively large degree of haphazardness in the government with regard to power delegation. It happens that when instructed to delegate power, the government will do so and that over time, it will recover the power delegated or that it will not delegate power unless this is beneficial to it. With regard to the

government's delegation of power, the enterprise is totally in a passive and subordinate status and the functions of the government and of the enterprise are ultimately inseparable. Now that the assets of the enterprise are owned by the government and its managers are appointed by the government, what can an enterprise base its independent operation on?

Between August and September 1993, the State Commission for Restructuring the Economy, the State Securities Commission, and the State Economic and Trade Commission jointly conducted special surveys of how listed companies in Shenzhen, Hainan, Shanghai, and Sichuan, where state-owned joint-stock enterprises are more concentrated, was changing their operation mechanisms. The surveys reported that by straightening out the relationship between ownership and management, the listed companies have smashed the traditional trammels of being subordinate to the government and have succeeded in separating their functions from those of the government and are able to operate independently. This is mainly reflected by the following: They have straightened out the relationship of interests with the government and have changed from being solely responsible to their supervisory departments to being responsible to all shareholders. The enterprises turn over taxes to the state and profits to owners, thus separating taxes from profits. They have complete rights over the use of assets. They have changed the previous practice of having their leaders appointed by the government and then hired by the board of directors. Regarding their investment decisions and project development, their board of directors will first put forward investment proposals and then decisions will be made by the meeting of shareholders. In this way, the enterprises have the power to operate independently and have money at their disposal. Managers of the listed companies share a common feeling, namely that they have all the 14 powers to be delegated to enterprises according to the "Regulations," although they find it difficult to refuse contributing to relevant quarters. This is incomparable with the past before the system was changed. In early November 1993, the State Commission for Restructuring the Economy, State Economic and Trade Commission, and State Securities Commission jointly called a symposium on the question of how listed companies are changing their management mechanisms and they had this common consensus: Listed companies are leading the way in changing management mechanisms.

Given the same enterprises and the same government, why has the relationship between the government and enterprises been so easily straightened out after enterprise transformation with the shareholding system and why was it difficult for the enterprise to operate independently in the past before it was transformed with the shareholding system? He Zhongze, who is deputy director of the Enterprise Department of the State Commission for Restructuring the Economy, and who is currently under training as assistant manager of the Hainan Chemical Fiber Industry Company Limited,

said: "Under the traditional form of ownership, the ownership of state property is not clearly defined, so all government departments can exercise the power of ownership on behalf of the state to interfere with the internal affairs of the enterprise. Nevertheless, all of the departments can shirk responsibility for the increase of the value of state assets. If ownership is theoretically unclear, it is of course impossible to define what belongs to whom in practice." Before changing to the shareholding system, the Hainan Chemical Fiber Industry Company Limited was a venture jointly developed by three companies which included the Hainan Provincial Development and Construction Corporation. This type of joint venture ought to have a certain degree of independence with respect to management mechanism compared with ordinary state-owned enterprises. But since the three controlling parties were state-owned enterprises, and since they employed different forms of investment in the joint venture, powers, responsibilities, and interests over the assets of the joint venture were not clearly defined, the three cooperative parties continually had conflicts with one another in the course of its management. In the course of transforming the joint venture, on the basis of scientific assets evaluation, the ownership of its stock assets was reasonably defined, several other legal bodies were invited to join as shareholders, and shares were issued to staff and workers internally, thus defining the property rights of all the assets of the joint venture in the form of law and setting multiple restrictions on the share powers of corporate and individual shareholders. The number of shares one holds determines one's power and say in the enterprise. Each party sends its own directors to the board of directors in keeping with the number of shares held. All shareholders, whether of the enterprise or the state, can only demonstrate their own will during the process of policymaking through the directors they have sent to the board. They cannot directly demand the managers obey their own commands. Moreover, since the managers are appointed by the board of directors, the general manager is solely responsible to the board, but not to the government or to a particular shareholder. Precisely because of this restricted relationship of responsibilities, powers, and profits established on the foundation of clearly defined property rights, interference from outside the enterprise is out of the question and the solicitation of instructions from higher authorities in the course of the enterprise's policymaking is unnecessary. Therefore, since practicing the shareholding system, the Hainan Chemical Fiber Industry Company Limited has all policymaking power within the enterprise and there is basically no interference from government departments. Shenzhen's Jintian Industries Company Limited cited such a fact: In 1987, the company vied with other state-owned enterprises to buy a newly built industrial plant in Liantang, Shenzhen. But before these state-owned enterprises' reports to their supervisory departments were approved, Jintian Company's board of directors had already acquired possession of the plant. For some time after Sichuan's Emeishan Salt Industry Group of Companies Limited changed to the shareholding

system, the government departments concerned continued to manage the company's manpower and financial and material resources with the previous way of managing state-owned enterprises. Then the company's general manager Li Jianwen made representations to the departments concerned and these government departments decided very quickly to delegate all powers, changing administrative interference to participation in policymaking. On previous occasions of power delegation, enterprises could do nothing when they did not really get the power. But why did the government departments really delegate power this time? The reason was: Under the traditional system, an enterprise asking for power from the government meant sharing its power. The government was above the enterprise and so the latter was a "beggar." Now the government is only a shareholder of the enterprise and if it seizes all its power, it infringes on the interests of other shareholders. The enterprise asks for power from the government in order to safeguard the legitimate rights and interests of other shareholders, and in asking for power, this has a completely different meaning from the past. Now government departments are no longer faced with several factory managers and secretaries whom they could dismiss and hire at their discretion in the past, but with other investors who are on the same footing as they. Sometimes, the balance of interests has a stronger binding force than the government does.

The Publicly Listed Company Accepts the Supervision of the Community and the Public and Is At All Time Under Great Pressure from Investor Demands for Higher Returns. It Cannot But Exercise Control Over Itself. It Cannot But Consider Matters From the Long-Term Perspective. It Cannot But Gear Itself to the Needs of the Market. It Cannot But Compete. The General Manager Said: We Are Under Too Great Pressure.

People in Shenzhen know that the Jintian Company is very successful and the bosses of the company should naturally make very good profits. Nevertheless, the first sentence the company president Cai Mingxi said to the survey team sent from the State Commission for Restructuring the Economy, State Economic and Trade Commission, and State Securities Commission: To be honest, none of us wish to work for joint-stock companies, especially listed companies. The pressure is too great! The pressure coming from the public on listed companies is several times greater than that coming from government supervisory departments on state-owned enterprises!

The Shenzhen Teli Machinery and Electricity Company Limited was transformed from the former Shenzhen Machinery Industry Company which was derived from the Shenzhen City Industry Bureau. Before adopting the shareholding system, it consisted of four state-owned enterprises and was given the annual profit target of over one million yuan and allowed to retain the remaining profits. The incomes of its staff and workers increased each year, so both the company and outside quarters

were all satisfied. The situation is greatly different now that the company has adopted the shareholding system. After turning over taxes, the enterprise can only retain 15 percent of its profits as a welfare fund and another 50 percent as bonus dividends to shareholders. If less than the due amounts of dividends are given, the shareholders call up all day and asking what is going on. In the past, the enterprise emphasized stable operations. But this year, it is only expected to perform better than last year. Now it not only has to stress stability but must continuously forge ahead because the shareholders make comparisons. They demand that its profits be not lower than last year and not lower than others', or else the president would look bad when the mid-year and annual reports are given. Fang Shimao, chairman of the board of the company, said: In the past, if the company failed to complete the tasks, all we had to do was explain the objective reasons to the departments concerned and then we would be able to stay out of trouble. But now, the shareholders will not accept explanations but will force you to resign. It happened in the Shenzhen Anda Company Limited that in the first half of 1991, the company called a meeting of shareholders at which the shareholders unanimously insisted on the resignation of its general manager. There was only one reason for this, that was the bonus dividend allotted to them in the first half of the year was too low, with only 0.2 yuan given for each share, which fell below the average profit margin of joint-stock companies in Shenzhen at that time. The then general manager had gone through observations by relevant departments and was found to be "competent," so the holder of state shares, the biggest shareholder, hesitated about whether or not to dismiss him and hire another person. As a result, many shareholders sold the warrants of the enterprise's enlarged number of shares, causing them to fall to 0.05 yuan per warrant and thus forcing the biggest shareholder to dismiss the general manager. In 1992, the bonus dividend for each share came to 0.85 yuan.

As an enterprise without a higher authority over it, the joint-stock company must accept supervision from three quarters: First, by shareholders; second, by intermediary organizations in society; and third, by public opinion. The three quarters of supervision are mutually supplemental to a certain degree, enabling the joint-stock enterprise to possess an innately perfect self-restricting mechanism. Two major problems in connection with the management of state-owned enterprises were unresolved for a long time, namely their short-term behavior and making undetected losses. These two phenomena will almost not occur in the joint-stock enterprise. As the decisionmaker of the enterprise, the board of directors which represents the interests of shareholders is right in the enterprise, whereas the state-owned enterprise's supervisory department which has the final decision-making power is far from the enterprise, so the enterprise finds it very easy to deceive or hide the facts from the owners. However, the management activities of the managing body headed by the general manager is always under the supervision of the board of directors. Judging

from the actual situation of joint-stock enterprises across the country, their boards of directors are basically comprised of directors sent from big shareholders. The interests of big shareholders are long-term interests, and they do not allow the managing body to seek short-term gain by means of sharing the enterprise's equipment with others. Still less will they allow the method of dividing and using up the profits to please floating speculating shareholders. Moreover, it is impossible for the managing body to seek short-term gain because short-term behavior weakens the competitiveness of the enterprise, and its harm will surely be manifested in the following year or two. Moreover, shareholders demand that the enterprise makes continually increasing profits. Ultimately the managers can hardly escape being held accountable to the shareholders. We can say, therefore, that there is no incentive for short-term behavior from the decisionmakers to the managers of a joint-stock enterprise. The accounting office checks the mid-yearly and annual accounting reports and figures of the enterprise against its accounts and then publishes the results of the checks to shareholders and assume legal responsibility for the results. Fang Shimao, chairman of the board of directors of the Shenzhen Teli Machinery and Electricity Company Limited, said: It was completely at my own discretion to report profits in the past, that means, when I wished to turn over more, then I reported more, and when I wished to turn over less I reported less. Now I cannot do this. I must report the exact profits or losses and the accounting office will not allow you to "report more or less," and it is more difficult to deal with than the supervisory department in the past. As managers, you cannot use the trick of reporting unnoticed losses, and you find this unnecessary. You can no longer drift along today, and then quit and take up a similar position elsewhere tomorrow. You will ultimately be held "accountable" tomorrow by the owners even if you hide yourself elsewhere. Public opinion will make you lose your prestige in society.

Precisely because of the pressure coming from the several areas, listed joint-stock enterprises generally have a sound financial management system. Many enterprises practice a financial management supervision system in which all financial supervisors and other key financial staff are directly sent from headquarters to their subsidiary companies, and their salaries and bonuses are all approved and paid by the headquarters to facilitate the effective management of the finances of subsidiary companies. Shen Yigang, the general financial director of Shenzhen's Jintian Company, said: "The financial transparency of listed joint-stock companies is one of their greatest characteristics. The half-yearly financial report and business performance bulletin are unavoidable responsibilities and obligations. Shareholders can query the business status of the company at all times and by all forms. Therefore, if managerial personnel at all levels of the company do not make great efforts to restrict themselves and boost economic returns, they cannot justify themselves at the meeting of shareholders." In the past,

enterprises bargained with their supervisory departments in every effort to lower the profit target. After being transformed with the shareholding system, the sense of mission and urgency to increase of the value of the assets of enterprises drive managers to seek maximum profits for their enterprises. Without any outside interference, the Shanghai First Pencil Company Limited raised the profit target three times last year and succeeded in reaching it. In April, the company raised by 54 percent the profit target set earlier in the year at a meeting of shareholders. In this way, the interests of the enterprise, of shareholders, and of managers are perfectly integrated under the shareholding system.

Many general managers jokingly call themselves senior "wage earners." They can fire ordinary staff and even vice general managers, and can also be fired if the board of directors is unsatisfied with their business performance. There is this common consensus among listed joint-stock enterprises: Enterprises are owned by shareholders and you must think of ways to please them.

The Shareholding System, a Modern Enterprise System, Is Displaying its Attractive Charm in China's Enterprise Reform. Through Transformation to the Shareholding System, We Are Beginning To Be Able To Resolve Deep-Seated Economic Problems Such as Readjusting the Industrial Structure and Enhancing the Vitality of State-Owned Enterprises.

In July, Shenzhen's Zhongguo Baoan Group of Companies Limited purchased large numbers of the shares of Shanghai's Yanzhong Company Limited and caused a great wave in Shanghai's stock exchange. Some people made a fortune and others got tied up. Shareholders were at a loss for some time. Despite the fact that this was the first time in China that a joint-stock enterprise purchased over 16 percent of the shares of another joint-stock enterprise without conforming to some norms, the China Securities Supervision and Administration Committee acknowledged the validity of the purchase. We should encourage this kind of purchase because this really shows that the most essential significance of the stock market is not to offer a site for stock speculators, but that it has formed an equity market, offering us an effective method of achieving the rational flow of assets, especially stock assets, on a larger scope and readjusting the industrial structure. The very reason the readjustment of the transregional and intertrade industrial structure has proceeded so slowly for many years does not lie with enterprises but with a plurality of departments. A merger, for example, would often put the numerous departments of two parties into protracted talks. In the case of the equity market, the Zhongguo Baoan Company saved the effort of consulting the relevant departments. Moreover, the Yanzhong Company had no idea about the purchase beforehand. How quick this transaction was concluded! How efficient it was!

Judging from the experimental joint-stock enterprises in China at the present time, the majority of them have transregional and intertrade characteristics. The Nantong Machine Tool Factory was a state-owned enterprise

which entered the international market and whose exports had a ranking position in the same trade. But its productive capacity was inadequate and badly needed expansion. Nantong City had seven related factories. Some were people-owned enterprises; some were collectively-owned enterprises; and others were city and township enterprises. Of the people-owned enterprises, some were owned by the city and others by prefectures and counties. In order to merge the seven enterprises into one big company, they used the shareholding system to form the Nantong Machine Tool Company Limited, broke through departmental ownership and regional boundaries, and developed it into an enterprise group, readjusting the irrational enterprise structure. Each party was given bonus dividends according to the number of shares they hold. And through participation and decision-making in the board of directors, the various parties have coordinated their interests and brought into play their own initiative. This kind of joint-stock enterprise group formed by linking assets has its responsibilities, powers, and interests better defined than ordinary enterprise groups, smoother operational mechanisms, and therefore have a more obvious scale of merit.

The vitality of state-owned enterprises is a central question we are trying to settle in the course of reform. The vitality of state-owned enterprises and their structure are two questions, but they are interally very closely linked. The irrational structure affects vitality to a certain degree, because if vitality is lacking there is no motivation for structural readjustment. The shareholding system is like a two-edged sword which has changed the two questions from mutual containment to mutual promotion. The Shenzhen Property Company Limited originally had net assets totalling 100 million yuan. Its assets were assessed in the process of changing to a joint-stock enterprise and its net assets rose to 180 million yuan. Then through shares issued at a premium, its net assets leaped to over 600 million yuan. Its business has changed from just the construction industry to the construction industry, tourism, and the real estate industry. After changing to the shareholding system, it turned over 4.8 million yuan to the state each year. In 1992 when it was changed to a joint-stock enterprise and was listed, it earned 160 million yuan of profits and taxes. In the first six months of 1993, it earned an after-tax profit of 160 million yuan and it is expected to have no problem earning 300 million yuan of profits and taxes in the whole year. In this way, the state can earn 216 million yuan as it owns 72 percent of shares. The profit is many more times than in the past before it was changed into a joint-stock company! Sichuan's Emeishan Salt Chemical Company Limited sold the premiums of state shares, whose proportion was excessively large, to corporate enterprises, and invested the funds earned in other trades and industries with higher profits and better prospects of development. Now its national assets have increased in value and its salt production structure has been adjusted, strengthening its ability to adapt to changes in the market.

The results of the surveys conducted by the joint survey team of the State Commission for Restructuring the Economy, the State Economic and Trade Commission, and the State Securities Commission show that the shareholding system, an organizational form of modern enterprises, enables listed enterprises to get huge vitality and demonstrates an exceedingly strong self-developing capacity. The actual profits earned by the 12 listed companies surveyed in Shanghai increased in 1992 over the same period the previous year, with the rates of increase ranging from 35 to 400 percent. Compared with the same period in 1992, the actual profits in the first six months of 1993 had increases ranging from 44 to 274 percent. The five companies listed in Hainan this year earned after-tax profits totaling 253 million yuan in 1992, while their after-tax profits in the first six months of 1993 already reached 331 million yuan, representing a 30.83-percent increase in after-tax profits over the whole year of 1992.

The transformation of China's enterprise with the shareholding system is still at the experimental stage, and there is still a lot of work to do for us to further standardize it. We should not, of course, take pride in the achievements we have obtained, but all this has convinced us of the need to unswervingly proceed with experimentation with the shareholding system. As an important choice for us to deepen reform of large and medium-sized state-owned enterprises and change their management mechanisms, the shareholding system is demonstrating its huge superiority.

Part Two

HK0501073294 Beijing RENMIN RIBAO in Chinese
20 Dec 93 p 2

[Article by staff reporter Wang Qingxian (3769 3237 2009): "Shock of Modern Enterprise System—Survey and Thoughts on Transformation of Enterprise Shareholding System in China (Part Two and Last Part)"]

[Text] The period of experience in practice of the shareholding system has been a very short one. The shareholding system has invigorated our enterprises and boosted enterprise reform. Nevertheless, the most valuable thing of the short practice of establishing a modern enterprise system lies in the significance of the issues raised and settled in modifying the enterprise system and accelerating the pace of the establishment of a modern enterprise system rather than the achievements already attained.

The Sense of Reform of the Government Departments Is Not Enough for Establishing a Modern Enterprise System. At The Time When Enterprise Reform Has Entered a Stage of Blazing New Trails, the Pressing Task at the Moment Is To Upgrade Knowledge of Administrators and Comprehensively Improve Managerial Qualities of the Government.

When an enterprise has undergone the transformation of a shareholding system, its decisionmaking powers will be

properly implemented. However, this does not mean that relations between the enterprise and the government are brought to a proper balance. As regards the government, management over a shareholding enterprise is a brand new topic. The organizational form of a modern shareholding enterprise has unique operation means and a full set of well-organized and standard operational systems. If the excessive interference of the administrative departments in enterprises under the traditional system was mainly due to ambiguous relations of property rights, the contradictions between government departments and state enterprises after undergoing the transformation of the shareholding system should be attributed to the government, which is unfamiliar with operational rules under the shareholding system and with its management over the shareholding enterprises, and which has stuck to the traditional means of enterprise management.

A shareholding enterprise has no higher level authority. It is responsible only to the shareholders and to law. Over the years, however, the views of the higher levels are necessary in almost all affairs. After converting to shareholding, the forms of various departments remain unchanged and so do the "views of the competent department." Unless this is changed, administrative departments cannot rest assured and "dare not" approve any project. In order to remove this troubled procedure, a number of shareholding enterprises had to find "influential persons" or temporarily "hire one." In order to resolve such a problem, a shareholding enterprise in Shanxi submitted a report to the government, asking for approval to become an "enterprise without higher level leadership." Question: Haven't you already become an enterprise without a higher level? Answer: We just need a letter of approval. Some departments do not know what a shareholding company is even when you give them explanations. They only believe in letters of approval.

A shareholding company, particularly a listed one, has a strict financial system. A registered accountant's office gives an account of its operation, income, expenditure, and structure of shares to the public every half a year. Any information about the enterprise may affect shareholders' investment decisions on the enterprise and result in price fluctuations of its shares in the stock market. For this reason, information related to the enterprise operation cannot be disclosed at will, which may result in unfairness. However, the finance of a listed shareholding company in the south was audited by relevant departments on more than five occasions in the first half of 1993. Some people asked jokingly: Who knows whether there are stock speculators among the administrative inspectors? Similar departments concerned asked the shareholding enterprises for the following operational figures: Rate of capital and delivery of profits and taxes, use of working capital, costs, and profits and losses. Such a practice did not cause any problem in the past. If a shareholding enterprise spreads such information at will, it will constitute a serious

violation of the principle governing information of the company. Those who need information do not care about this: Why are the shareholding enterprises so uncooperative? Let us wait and see. You will come and ask us for help in the long run.

The findings of a joint survey by the State Commission for Reform of the Economy, State Securities Commission, and State Commission for Economy and Trade pointed out that an increasing number of laws, rules, and regulations have been promulgated by various localities and departments to restrain listed companies, some of which contradict with each other. Without an understanding of the "Opinions on Standardization of the Shareholding Enterprises," some localities still try to decide the level of enterprises, namely, the so-called "office level enterprises" or "departmental and bureau level enterprises." As a result, the board of directors have to consider the rank and level while employing managers. The director representing the state stake sent by the locality to a shareholding company only attends meetings but does not care about routine work. Hence, he knows nothing about the company's operation. When a meeting of shareholders is held, another person is sent to cast a vote. Some localities send a number of people who represent the state stake. As each expresses his own views, they cannot reach consensus on major issues. Similar stories are common in shareholding enterprises. These contradictions cannot be summarized by the implementation of enterprise decisionmaking powers. These are problems related to the shareholding system which government departments should understand, the operational rules of the shareholding system which they should be familiar with, the rights and interests of the shareholding enterprises which they should respect, and management and operation of the shareholding enterprises which they should upgrade. This shows that in establishing a modern enterprise system, government departments should emancipate their minds, upgrade their knowledge, and dare to be and be good at assimilating the advanced managerial experience of developed nations. The Third Plenary Session of the 14th CPC Central Committee pointed out that the central task of enterprise reform is to establish a modern enterprise system, which involves many new concepts, terms, and expositions. Practically, it will be expressed in new operational methods and means of enterprise management. The transformation of the shareholding system has posed a series of problems in this regard.

The Establishment of a Contingent of Enterprise Managers Is Urgently Required for Establishing a Modern Enterprise System. We Should Intentionally Adopt Institutional Measures To Promote the Growth of This Contingent.

In Shenzhen, a listed company which issued B shares told the survey team: Even the issue of B shares produced a negative effect. The views of foreign businessmen are different from those of ours on investment in real estate. We are optimistic about the real estate market, which was active in the first half of this year.

However, the shareholders of B shares said that the risks in real estate was too big. They were against enterprise investment in real estate and blamed us for deviating from the investment orientation as stated in the new stock subscription brochure. As a matter of fact, the investors are most concerned about their returns. When a company is making profits, why is it necessary to meddle in its affairs?

At present the investment orientation of a number of shareholding enterprises runs counter to the new share subscription brochure, diverting the funds to trades other than the main one. According to statistics, at least 30 percent of the capital of the listed companies is not invested in the projects listed in the subscription brochure. In some localities, the figure goes as high as 70 percent and investment is made in a blind manner. These companies willfully change the purpose of the funds pooled because they are pressed by the shareholders for high returns and have invested their funds in profitable trades. In addition, it indicates that the managers of the listed companies do not respect the public investors and do not have a strong sense of law. The complaints about the shareholders of B shares prove this problem. The public is willing to make investment because they are optimistic about your enterprise. These people prefer low returns to high risks. Otherwise, they would have simply bought shares of the real estate companies. Domestic investors, particularly individuals, have become mature, and they have an increasingly higher demand for quality in managers of shareholding enterprises.

Following the transformation of the state-owned shareholding enterprises, the state can only control state assets by sending directors to participate in the making of policy decisions. What kind of people should then be sent to represent the state to perform such a task, ensure the legitimate rights of the state stake, and ensure incremental increases of the state's equity? A problem has cropped up: Because of a lack of special personnel who are good at operations and management, cadres who are not experienced in management are sent to symbolically represent the state's management over the enterprise. After all, there is a great difference in intellectual structure and qualities between cadres and enterprise managerial personnel. Because of the large numbers of shareholding enterprises in Shenzhen, some heads of the state assets management companies are directors of two companies. As a result, it is difficult to maintain the rights and interests of the state stake.

One of the marked and essential characteristics of the shareholding and modern enterprise system is its distinct property rights: Ownership by those offering capital is separated from the property right of the corporation. In other words, enterprise owners will not necessarily be the specific operators of enterprises and have a direct control over operation of the property. Instead, a person good at operations and management will be assigned in a certain form to exercise management. The modern enterprise system constitutes a transformation of the whole of

China's enterprise system. It is the direction of reform for all kinds of enterprises, including state enterprises. Hence, we badly need large numbers of qualified personnel.

The formation of the contingent of enterprise managers depend on the following factors: First, property rights of enterprises must be clear and enterprises should carry out operation independently; second, incomes of managers should be relatively high so their value is expressed through their incomes; third, there must be an institutional and legal guarantee (including rights and responsibilities) to ensure that their value is recognized socially.

Of the enterprises surveyed by the three commissions, most enterprise managers made a common call: Increase the incomes of managers of shareholding companies and embody the principle of distribution based on efficiency. An assistant manager of the Shenzhen Property Development Shareholding Company Limited said: We are managers employed by a shareholding company, but our wages are still based on the standards for state cadres. We received the same wages although the the company's profits increased from 70 million to 300 million yuan. As the shareholders want high returns, the managers are bearing great psychological pressure, operational responsibility, and risks. If the shareholders do not consider returns of the managers, how can they boost the enthusiasm of the managers? Who will then be willing to be entrepreneurs of shareholding enterprises? Such a distribution system, which is unfair, neglects the labor value of the managers. If such practice continues, it will be impossible for entrepreneurs to become a competitive contingent, which assembles people with wisdom from society and allows the best to survive.

In defining property rights, we have started doing some work and made specific arrangements. The transformation of the shareholding system has enabled us to make a relatively successful attempt. In terms of distribution and honor, it is also a pressing task to tackle the problem of offering a system and legal environment for the growth of managers.

The Establishment of a Modern Enterprise System Is an Extremely Arduous and Complicated Project, Which Covers a Wide Range Far Exceeding Enterprise Reform. We Must Study the Problems Which We Cannot Avoid and Will Have To Face Sooner or Later.

While operating in light of standard rules, the shareholding enterprises have encountered a difficult problem: How to properly handle relations between the "three old organizations" (party committee, trade union, and workers' congress) and the "three new ones" (board of directors, supervisory commission, and shareholders' committee). According to the rules of the shareholding system, the shareholders' committee is the highest organ of power of an enterprise. The board of directors is a standing committee which exercises power on behalf of the shareholders' committee and is responsible for making major policy decisions for the enterprise and employing senior managerial personnel. The supervisory

commission exercises supervision over the board of directors, its members, and other managerial personnel.

The question in this regard is: How should party leadership be manifested in shareholding enterprises, which should also conform to the standard of operation of these enterprises? How should the role of the vital force of the workers be brought into full play in reform and development, and how should this converge and coordinate with the new shareholding system? These are problems which remain to be experienced and explored.

Further on Reducing Auto Import Tariffs

OW0601075994 Beijing XINHUA in English 0728
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—The State Council, China's highest governing body, has decided to reduce tariffs on its auto imports by 70 percent from the beginning of this year.

It has also decided to abolish some measures concerning tax reduction and exemption for imported automobiles.

A spokesman with the General Administration of Customs of the People's Republic of China said the decision of the State Council to reduce tariffs on imported automobiles and adjust relevant measures concerning tax exemption would create conditions for conducting competition on an equal basis and preserving fair taxation, as well as promoting the development of China's auto industry and improving the country's investment environment.

He explained that too many or loosely designed tax reduction and exemption measures would not be conducive to exercising control over imports of automobiles or suit the demands of building a socialist market economic structure.

He believed that too many such measures would also seriously weaken macro-control over tariffs and give rise to smuggling and tariff evasion.

According to him, all those importing automobiles must pay import duties and other related taxes at the local customs, except those organizations and personnel who may continue to enjoy tax reductions and exemptions in accordance with the international treaties to which China is a party or agreements signed between the Chinese and foreign governments. Foreign cars sent by international organizations and foreign governments as gifts will not be subject to full taxation either.

Estimates from Chinese automobile trading firms show that about 400,000 foreign-made cars and vans entered the mainland market in 1993.

In the meantime, the number of cars and vans smuggled into China last year was about 100,000, compared with 90,000 in 1992.

State Planning Commission To Begin Weekly Paper

OW0501131794 Beijing XINHUA Domestic Service in Chinese 0210 GMT 5 Jan 94

[Text] Beijing, 5 Jan (XINHUA)—The INFORMATION WEEKLY [XINXI ZHOUBAO, 0207 1873 0719 1032] founded by the State Planning Commission will begin publication on 7 January and will be distributed domestically and abroad.

The weekly is a national newspaper created in light of the transformation of the State Planning Commission's functions, to strengthen and improve macroregulation and control of the national economy, to guide the market to function properly, and to promote reform, opening up, and modernization.

Minister Examines Development of Power Industry

HK0401014094 Beijing RENMIN RIBAO in Chinese 19 Dec 93 pp 1, 2

[By Shi Dazhen (0670 1129 2823), minister of power industry: "Power Industry Should Take the Road of 'Unconventional' Development"]

[Text] RENMIN RIBAO's series report about the electric power issue revealed that the development of power production in our country was not suited to the needs of economic development. This has aroused the attention of all social circles. How can we change the situation of power shortages, which has lasted for 23 years, and move the power industry out of the difficulties making it a "bottleneck" in the national economy so that it will actually take the lead in economic development?

In our opinion, to settle this problem, we must carry out in-depth reforms and take the road of "unconventional" development.

The so-called "unconventional" development means that developments should be made by breaking with conventions and that a new path of reform and development should be opened toward the goal of the socialist market economy. Thus, we should make up our minds to proceed from solving the deep-level problems that have been affecting the development of our country's power industry and making major breakthroughs in updating the conceptions, rationalizing production relations, reinforcing building of the legal system, adopting the standardized joint-stock system, promoting the separation of the government from the enterprises, transforming the enterprise management and operation mechanisms, and establishing a modern system for the power producing enterprises. In particular, it is necessary to actually intensify macrocontrol, further increase investment, expand the scope of raising funds and inviting foreign investment for running power plants, quicken the pace of the electricity price reform, raise the debt repayment capacity of the power plants, promote economical and effective use of electric energy, substantially enhance the

economic efficiency of the enterprises, further emancipate the productive forces in the power industry, and eventually create favorable conditions for effecting a benign cycle in the development of the power industry. Therefore, "unconventional" development not only indicates quantitative increases but also qualitative leaps; it not only requires a high growth speed but also a rationalized operational mechanism.

I. The Power Industry Cannot Move Out of the "Bottleneck" Condition If It Merely Follows the Course of Conventional Development

The power industry can also develop in a conventional pattern, but in such a large country as ours, it will never be able to meet the needs of economic development and the needs of the people in their daily lives. In 1949, in the mainland, the total electricity generating capacity was only 1.86 million kw, and the annual electricity output was 4.3 billion kwh. After the founding of New China, through nearly 40 years' construction, in 1987, the capacity of installed generators and the electricity output both leaped to the fourth place in the world. It is expected that by the end of this year, the national installed capacity will have exceeded 180 million kw and the annual power output will have exceeded 800 billion kwh. This means that at present, two day's average power output in the whole country is equivalent to the whole year's power production in 1949.

However, while power production was increasing rapidly, most areas of the country were still facing increasingly serious power shortages. The "bottleneck" constraint from power shortages on our country's modern construction continued to be aggravated. We can say that the localities which achieved higher economic growth rates and made quicker development in the power industry were also facing the most serious power shortages.

We cannot say that the state did not attach importance to the power industry in the more than 40 years after liberation; nor can we say that the investment in the power industry was too modest; and still less can we underestimate the effects of reform and opening in the last more than 10 years on the transformation of the power industry's management system. In all fairness, however, such efforts and reforms still did not break through the conventions in the development of the power industry. This was quite natural. Most of the reform measures and policies we adopted in the past were related to the traditional structure of the planned economy and were unavoidably constrained by the framework of the old systems, so they could not thoroughly overcome the problems of the traditional structure. It was precisely these problems which restrained the power industry from taking the lead in the development of the national economy.

The problems of the old structure mainly found expression in the fact that enterprises were not separated from the government and the power enterprises remained

affiliates of administrative institutions. First, in the structure of the planned economy, macrocontrol was never freed from some people's subjective haphazardness and this resulted in the insufficiency of investment in the power industry, which developed on a comparatively too small scale. The experts from the World Bank held that investment in power production in developing countries should account for over 2 percent of the GNP. However, the annual average in our country in the period between 1980 and 1992 was only 1.24 percent. Experience shows that in the course of a country's industrialization, the normal ratio between power-consuming equipment and the capacity of power-generating equipment should be 2:1. However, the ratio in our country was far larger than 2:1 for many years. Not only is the existing ratio much larger than 2:1 but the ratio for new equipment is also larger than 2:1. Second, the work of economizing on electric energy has never been placed in an important strategic position and there are no relevant policies and measures and no effective mechanisms and institutions for ensuring this. As a result, people in all social circles do not pay sufficient attention to energy economy. This has also made it hard to widely and effectively adopt the measures for conserving electric energy. The serious wastage of electric power thus existed side by side with serious power shortages. Third, the property rights were unclear. Responsibility, power, and benefit in power production were not unified. The enterprises had to eat from the same "big pot" of the state and workers had to eat from the same "big pot" of the enterprise. For a long time, state finances were responsible for all expenditure and revenue in the power industry. Even after the management contract system was adopted, this situation was not thoroughly changed. The power enterprises had to deliver over 90 percent of their profits to the state authorities in the form of various taxes and fees. As they were situated in the narrow crevice between the central and local financial authorities, the power enterprises basically did not perform the investing and financing functions. In foreign countries, power enterprises normally hold 50 percent of the funds invested in capital construction; and some even hold as much as 90 percent. In our country, however, the power enterprises held less than 5 percent of the funds invested. Because the power enterprises were not independent commodity producers and dealers in real terms, they were not faced with the pressure of competition. Overstaffing was a prominent and longstanding problem in these enterprises.

ThJ problems of the old structure also found expression in the serious distortion of electricity prices, which did not reflect the value of electric power nor the relationship between supply and demand. The inappropriateness of the electricity price led to a situation wherein the commodity attribute of electric power was neglected by people for a long time, making the power enterprises compete with other enterprises under unfair conditions. As a result, the power enterprises could not build up a management mechanism with perfect functions. This was unfavorable to raising funds for developing the

power industry and also unfavorable to economizing on electric power and restraining the excessive demand on it. Moreover, this was also unfavorable to rationalizing the industrial structure and to expanding the use of foreign funds for running the power industry.

Within the power industry, being affected and shackled by the traditional structure, people's understanding of the market economy lagged behind and the managerial personnel were not familiar with such concepts as market, competition, economic efficiency, and the input-output ratio. Thus, it is necessary to thoroughly update their mentality.

II. To Effect "Unconventional" Development, It Is Necessary To Concentrate on Deepening Reform, Transforming Management Mechanisms, Optimizing the Operational Structure, and Enhancing Efficiency

In 1975, when Comrade Xiaoping took charge of the work of the State Council, he pointed out the need to quicken the construction rate in the power industry to match it with the development of the national economy as a whole and to leave a certain leeway for ensuring that the power industry can take the lead in development. Putting Comrade Xiaoping's instruction into practice is the goal of the power industry's efforts under the new situation. According to our plan, in the period between 1995 and 1997, the capacity of new large and medium generating sets should reach an average of over 15 million kw annually; and in the period between 1998 and 2000, this should increase to 20 million kw annually. While the electricity sources are increasing, power technology and power grids as well as education in the power industry should also develop at the same pace. Thus, by the end of this century, the total capacity of installed generators in our country will reach about 310 million kw. If GNP increases by 8 to 9 percent annually and the power consumption of the unit output value in the whole country declines by 8 or 9 percent, then the power shortages will have been basically overcome and power supply will reach all counties. Over 95 percent of the peasant households will be able to use electricity. To achieve this objective, we must deepen reform and seek "unconventional" development.

The "Decision" adopted by the Third Plenary Session of the 14th CPC Central Committee indicated that the economic reform in the whole country had entered a new stage of comprehensive, accelerated, and well coordinated development. The recent national economic work conference also advanced reform in giant strides and adopted many reform measures. This provided an unprecedentedly good opportunity for the "unconventional" development of the power industry. In order to grasp and use this opportunity well, the power industry must formulate the reform strategy, which is mainly oriented to reorganizing the power enterprises according to the corporate system and shifting them onto the path of commercial operations, as quickly as possible and effectively put it into practice.

The adoption of the corporate system is a useful exploration in the establishment of the modern electric power enterprise system. The key issue is to set up a modern electric power enterprise system which is suited to the requirements of the market economy, has clear property rights, distinctly defines responsibility and power, separates the enterprise from the government, and exercises scientific management. Commercial operation is the inevitable result of the market-oriented reform in the power enterprises. The key issue is to firmly establish the concept that electric power is a commodity; create a policy environment for ensuring fair competition; and really turn the power enterprises into economic entities and market competitors which operate independently, bear sole responsibility for their own profits and losses, and have the ability to effect self-development and exercise self-control. This is precisely the path of the standardized joint-stock system.

The joint-stock system is a rather effective form of enterprise organization and operation as it is suited to the need, in the development of socialized production, for the rapid concentration of capital and it has been widely adopted in various countries. In addition, it is also an organizational form which can better give expression to the nature of the socialist whole people ownership system and is an effective way to effect the "unconventional" development of the power industry. According to the current condition of our country's power industry and its tasks, the joint-stock system should be adopted and experimented with; this is more urgent and more favorable in the power industry than in other industries. The primary purpose of adopting the joint-stock system in the power industry is to effect the transformation of the enterprise management mechanism and the key to its success lies in strict standardization. In essence, the so-called standardized joint-stock system must: Be in keeping with our country's specific conditions; follow the general laws governing the socialist market economy as well as the special laws governing production, marketing, and purchasing in the power industry; be in line with the state's general requirements on experiments with the joint-stock system and the state's "20-character" guideline for the power industry's reform and development; and must be favorable to the fundamental emancipation of productive forces in the power industry.

In 1987, the State Council formulated a guideline for the reform and development of the power industry: "Separating the enterprises from the government, turning the provincial grids into economic entities, combining the grids, unifying power distribution, and raising funds to develop the power industry." The State Council also laid down the principle of "adopting measures in the light of the conditions of local grids." Practice has proved that this is a good guideline which is in keeping with China's national conditions and the intrinsic laws of the power industry. It systematically reveals the way to solve the deep problems affecting the development of the power industry. Under the new situation of the socialist market

economy, "separating the enterprises from the government" is the orientation to which the reform and development of the power industry must adhere. "Turning the provincial grids into economic entities and combining the grids" is the conclusion drawn from the objective laws governing the development of the power industry and the reality of China's economic management. In essence, it stresses that the provincial and transprovincial power grids should all be economic entities operating independently, bearing sole responsibility for their own profits and losses, and having the ability to develop on their own and exercise self-control. At the same time, they also form an interest community composed of the interests of various quarters. "Unifying power distribution" is determined by the intrinsic law of the power industry and the complete concept of "unifying power distribution and exercising management at different levels." Raising funds to develop the power industry is a major result of the structural reform in the power industry. The power industry should develop ahead of other industries. It is necessary to use both domestic and overseas funds from domestic and international markets. The orientation of "raising funds to develop the power industry" must be maintained. The forms of fundraising to develop the power industry should also be improved and upgraded in the structure of the socialist market economy and should be gradually upgraded to the advanced form of joint ventures based on the standardized joint-stock system. The standardized joint-stock system is the advanced form of raising funds to develop the power industry. It not only has stronger investing and financing functions, and can more effectively attract international and domestic funds, but also can rationalize the complicated production relations formed in the course of raising funds to develop the power industry because it clearly defines the property rights. This provides a legal guarantee for the real separation of ownership from management power, ensuring the legitimate rights and interests of investors and the operation of managers in light of the laws and regulations. This is favorable to the standardization of raising funds to develop the power industry and using foreign funds and is also favorable to the authorized operation of state assets. Thus, the operational efficiency of the state assets and other assets will be enhanced and the value of the state assets and other assets will be better preserved and increased. "Adopting measures in the light of the conditions of the local grids" is a principle that must be followed in the structural reform and development of the power industry. As long as we constantly arrange everything according to the actual conditions, we can certainly find the path of pursuing the standardized joint-stock system suited to the conditions of various localities and various local grids, promoting the healthy development of the power industry.

Following the "20-character" guideline, we can adopt various forms of the standardized joint-stock system. No matter which form is used, the enterprises must voluntarily involve themselves in the joint-stock system. For example, after the provincial grids are allowed to turn

themselves into economic entities under the standardized joint-stock system, with the approval of the administrative departments in charge at the upper level, there may exist a certain number of power companies managed by investors on their own and power plants run by other industries. However, they must sign grid-connection agreements with the local grids as well as electric power purchase and sale contracts in order to guarantee their interests and clarify their responsibilities. With the approval of the administrative departments in charge of the power industry at the upper levels, experiments with newer and more dynamic management forms of the joint-stock system may be carried out within a certain scope and according to the conditions of local economic development, such as in some cities and counties in the eastern coastal areas where the economies are growing faster. They can be called power industry "development zones." It is hoped that local governments will formulate as many favorable policies as they can to encourage various quarters to run power plants. People determined to engage themselves in the power industry should fully and properly apply these favorable policies, increase their investment, and increase the production of electricity at a higher annual rate. This will bring about a chain-reaction mechanism favorable to the development of the power industry. This is a major measure for encouraging the economically developed localities to become rich first in the consumption of electric power and bear responsibility for increasing power supplies and perfecting the local power grids.

III. With the Standardized Joint-stock System, It Is Necessary To Strengthen Leadership, Boldly Carry Out Experiments, and Make Steady Advances

Through the market-oriented and world-oriented reform and opening in the past more than 10 years, a good foundation has been laid for us to adopt the standardized joint-stock system. On the whole, however, our reform remains in the initial stage and unevenness is prevalent. At present, the pilot schemes of adopting the standardized joint-stock system have just been started in some enterprises of higher quality and stronger competitive power, to achieve results and to accumulate experience for guiding the nationwide reform. Other enterprises should also actively create the necessary conditions, improve their quality, and make steady advances. They must not rush headlong into mass action.

The enterprises which carry out the pilot schemes for the standardized joint-stock system must strictly follow the regulations and procedures laid down by the state and the ministry, advancing their work in a well planned and orderly manner by taking one solid step after another. They should act in light of their concrete conditions according to the "20-character" guideline and should actively explore the concrete forms of practicing the standardized joint-stock system which suit their own conditions. Their efforts should be focused on studying and determining the concrete organizational form of practicing the standardized joint-stock system.

Various power groups should perfect their organizational structures in the light of the requirements of the modern enterprise system and also improve their functional structure according to the requirements of commercialization. The key point is to implement the State Council leading comrade's instructions on allocating part of the state investment to the power groups as their capital funds, to strengthen their investing and financing functions, and setting up a power grid construction fund so that backbone grids will be constructed and managed by the groups which are also responsible for contracting loans, paying interest, and repaying debts. The power groups must control 100 percent of the shares in the backbone power grids and should directly contract loans from the state's Development Bank. It is necessary to enliven the existing state assets in the power industry. For example, after the income from power supply is used to repay the debts and pay interest, the principal and interest payments should be reinvested in the power industry and managed by the power enterprises. The existing and added assets of the power grids should not be managed separately; instead, they should all be managed by the power group corporations. The power group corporations should input the state's capital funds to the large backbone power plants with the capacity to bear the peak load of the power grids, including the water-pumping energy conservation power plants and the power plants and nuclear power plants bearing the peak loads. They should also exercise effective control and direct management over these power plants on behalf of the state. The state-controlled power corporations with limited liabilities and limited shares should be established on this basis.

It is necessary to carry out the principle of allowing various quarters to run power plants with the grids being brought under unified management. Under the premise of guaranteeing the safe operation of the power grids, we can explore various other forms of practicing the standardized joint-stock system inside the power grids. Domestic and overseas investors should be encouraged to input funds to start new power plant projects. However, investments and loans should be clearly separated. Investors may earn dividends according to the size of their shares and lenders may receive principal and interest payments. The parties contributing funds may select their roles as investors or lenders.

In the next seven years, the power industry will need to use \$25 billion of foreign funds in order to import 45 million kw power generation equipment. Therefore, in addition to expanding the use of foreign government loans, loans offered by international financial institutions, and commercial loans, we also need to attract more direct foreign investment in the power industry. This will promote the reasonable movement of existing capital. Foreign investors should be encouraged to launch joint ventures, start cooperation projects, or make independent investments in the field of building power plants. It is necessary to establish and perfect the legal system for the use of foreign funds in the power

industry and effectively reinforce the management of the trades that need to use foreign-funded power. The state interests should be guaranteed, leadership should be strengthened, the regulations should be strictly enforced, and risks should be undertaken jointly. The foreign funds should not be used at too high a return rate or a fixed return rate in order to prevent the Chinese side from incurring losses.

Reform is aimed at emancipating and developing the productive forces. It is necessary to emancipate and develop the productive forces in the power industry and to ensure that the power industry takes the lead in development. Thus, we must fully arouse the initiative of the central and local authorities and the initiative of all quarters. This is the key to the success of the reform.

In order to effect "unconventional" development of the power industry and make it better serve the development of the national economy we must, under the correct leadership of the party Central Committee and the State Council and with the great support of the comprehensive departments, exert ourselves, do solid and effective work, improve our work style, combine the long-term objective with down-to-earth work attitude, unite as one, and make persistent and unswerving efforts. We shall then certainly be able to achieve our goal.

Power-Generation Capacity Goal Over Target

OW0601134694 Beijing XINHUA in English 1304 GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—China installed power generators with a total capacity of more than 12 million kw last year, five percent over the state's target.

According to the State Planning Commission, altogether 62 sets of medium- and large-size generators were constructed and put into operation, bringing the country's overall generating capacity to more than 180 million kw.

China has vowed to speed up its power construction to remove the bottleneck the present inadequate setup has on economic growth. Statistics show that the country's electrical power production in 1993 surpassed 800 billion kwh [kw hours].

More emphasis has been put on the installation of medium- and large-size generators instead of the smaller ones in a bid to raise generating efficiency.

Meanwhile, the utilization of water energy featured high in China's power endeavor last year; hydropower generators with a capacity of more than three million kw, or 25 percent of the total installed last year, were built.

Officials at the State Planning Commission said the government has extended preferential treatment to boost the development of the power industry.

Likewise, they said, local governments have increased their investment in power projects.

Steel Production in 1993 Tops 88 Million Tonnes

HK0501151594 Beijing ZHONGGUO XINWEN SHE in English 1315 GMT 5 Jan 94

[Text] Beijing, January 5 (CNS)—Statistics released by the Ministry of Metallurgical Industry show that steel production was initially put at 88.3 million tonnes last year, 9.1 percent up over the previous year, steel material was 76 million tonnes and pig iron 86.5 million tonnes, all of which registered a 10 percent rise over 1992.

Medium- and large-sized enterprises remain the pillar of China's steel and iron industry in China with 80 percent of the newly increased steel and steel material production turned out by these enterprises.

Key items and those of higher technology involved in the metallurgical industry made progress. The fixed assets investment in the steel industry for the whole year is expected to be RMB [renminbi] 25.7 billion while the newly increased capacity of iron-smelting was put at 10 million tonnes and steel-smelting capacity at 7 million tonnes. Fixed assets investment in the gold industry was valued at RMB 1.14 billion.

The steel industry showed an obvious gain in its economic results mainly because of a sharp rise in production volume, adjustment of structure and the price factor. The year-round profit tax turned out was valued at RMB 56 billion, 95 percent up over the previous year while the profits earned were put at RMB 28.5 billion last year, a gain of 177 percent over the previous year.

Rolled Steel Production Goal Set

OW0601134794 Beijing XINHUA in English 1350 GMT 6 Jan 94

[Text] Shanghai, January 6 (XINHUA)—China aims to produce 81 million tons of rolled steel this year, an increase of 6.6 percent over 1993's figure.

Sources at a national metallurgical working conference which opened here today said that China is preparing to achieve the target through enhancing technical renovations in major iron and steel mills. More effort will be put into the expansion of continuous casting, and the development of new technology and new products.

Last year China produced 76 million tons of rolled steel, up 13.5 percent compared with the output of the previous year.

The emphasis will be on increasing the output of steel products that are urgently needed in the Chinese market. They include special types of plates and pipes, heavy rails and sheet steel.

'Yearender' Views Transportation Industry

HK0501133894 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 17 Dec 93 p 1

[Article by staff reporter Yan Bing: "Build an Extensive Communications Framework—Review of and Prospects for the Building of Communications in China in the Past Year"; from the "'93 Yearender" column—first paragraph is editor's note]

[Text] Time flies, and 1993 is coming to an end. Reviewing our work over the past year, we can see in retrospect that with the encouragement of the Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the spirit of the 14th party congress, and the "Resolution" adopted by the Third Plenary Session of the 14th CPC Central Committee, the whole party and the people of all nationalities of the country have attained heartening accomplishments in deepening reform, expanding opening up, and accelerating the pace of development. At present, our country is enjoying a sound situation featuring economic growth, political stability, national unity, and social progress. A retrospective of our work over the past year will give us encouragement to work harder and strive for greater achievements in the coming year. To this end, this newspaper herewith opens a special column "'93 Yearender," in the hope that it can become a window showing the rapid changes that have taken place on the Divine Land in the past year.

At the end of the year, latest figures released by the State Statistics Bureau showed that since the beginning of this year, the state's fixed-asset investment in the communications and transportation industry exceeded 80 billion yuan for the first time, making up 17 percentage points of the total investment by state-owned units. Construction of China's basic communications facilities has begun to enter a historical phase of large-scale development. China's extensive communications framework is taking shape gradually—a comprehensive transportation network system based on the well-coordinated operation of railroads, high-grade highways, major coastal ports, inland river routes, and key airports.

Railroad: Winning the Very First Victory in a Decisive Three-Year Battle

In December, the construction of the 1,000-li Beijing-Kowloon Railroad was in full swing: Tracks were being laid and a bridge erected to the north of the Huang He; infrastructure [xian xia 4848 0007] projects were going full steam ahead; to the south of the Chang Jiang, construction was being unfolded in a comprehensive way. The first year of the construction of the Beijing-Kowloon Railroad, which is a "key project of all key projects" launched by the Ministry of Railways during the Eighth Five-Year Plan, has entailed more than 2 billion yuan of investment and has won its very first victory.

This is the first year of a decisive three-year battle launched by the Ministry of Railways. The curtain of the railroad construction was drawn open at a time when the rail car utilization rate of major bottleneck sections had gone down to 40 percent and the potential-tapping renovation had yielded no result. A total of 11 key projects started construction at the same time in almost all provinces, autonomous regions, and municipalities. At the end of the year, the construction of a number of key projects scheduled to for completion at the end of the Eighth Five-Year Plan, had reached a high tide, including the Beijing-Kowloon Railroad, the Lanzhou-Xinjiang Multitrack Railroad, the Baoji-Zhongwei Railroad, the Houma-Yueshan Railroad, the Zhejiang-Ganzhou Multitrack Railroad, the electrification renovation of the Beijing-Guangzhou Railroad, as well as the renovation projects concerning the Hengyang North, Zhuzhou North, and Guangzhou North Railroad Stations. After these projects are completed and put into operation, China's transportation capacity will increase by 200 million tonnes.

Next year is a crucial one for the "decisive three-year battle" of railroad construction. By the end of the Eighth Five-Year Plan, China's operational railroad mileage will total 60,000 km, the rates of multitrack and electrification will reach 30 and 23 percent respectively, the handling capacity of railroads will increase considerably, and the present tight transportation situation will be alleviated.

Water, Land, and Air: Each Enjoying Major Breakthroughs

A new chapter also has been opened with the construction of highways—another of China's major means of land transportation. A modern highway network has taken shape which focuses on highways for the exclusive use of vehicles and aims to achieve the goal of "two verticals and two laterals" across the country.

Construction of three high-grade highways between Beijing and Shanghai, Beijing and Shenyang, and Chongqing and Beihai, has been accelerated, while technical renovation is being carried out of the "two verticals and two laterals"—the national trunk lines between Tongjiang and Sanya, Beijing and Zhuhai, Shanghai and Chengdu, and Lianyungang and Horgos—with the aim of upgrading these trunk lines at an early date. Within two years, China will have an additional 90,000 km of highways, and an additional 30,000 km of second-grade highways. As a result, China's highway situation will be improved considerably, transportation capacity will be enhanced immensely, and the average driving speed on national trunk lines can exceed 50 km per hour, thus giving full play to the advantages of highway transportation: speed, convenience, and flexibility.

This year, departments in charge of water transportation have given priority to solving problems caused by lack of unloading capacity at ports, and have designed and built a large number of modern ports with deep-water berths.

By 1995, the coal loading capacity of coastal ports will reach about 120 million tonnes. After the completion of coal ports in Dalian, Shanghai, and Guangzhou, as well as power station ports in Waigoqiao, Shenzhen, and Zhanjiang, the coal unloading capacity of these places also will reach 130 million tonnes, thus obtaining a basic balance between loading and unloading capacities. During the Eighth Five-Year Plan, a total of more than 100 deep-water berths are being built up in coastal ports, with newly added handling capacity of 140 million tonnes.

China's civil aviation industry, which is enjoying a 30 percent increase in transportation volume each year, has placed its focus on the construction of airport support facilities this year. Airports are being built in (or moved to) Wuhan, Guiyang, Shijiazhuang, Guilin, Fuzhou, Guangzhou, Nanjing, Hangzhou, and Sanya; while a number of key airports have been expanded and renovated, including those in Beijing, Shanghai, Kunming, Lhasa, Harbin, Urumqi, and Lanzhou. By the end of this century, the total number of China's civil airports will reach 146; the total volume of circular flow of civil aviation transportation will reach 12.2 billion tonne/km; and the passenger transport volume will reach 100 billion, thus basically meeting the needs of economic development and exchanges with foreign countries.

Next Year: Foreign Investment Will Be Utilized in More Fields

Li Duanshen, director of the Transportation Department of the State Planning Commission, said during an interview the other day: "This year, China has made unprecedented investment in the construction of basic transportation facilities, and has attained in many fields a rapid progress not seen for many years. China's tight communications and transportation situation is expected to be eased by the end of this century. During the last seven years of the 1990's, the state will start nearly 400 large- and medium-scale communications and transportation projects, entailing investment of more than 700 billion yuan. However, we are still faced with the problem of insufficient funds."

In order to attract more funds, the state will adopt in the coming several years a series of effective measures to allow foreign investors to participate in the construction of communications projects. With a view to enhancing the efficiency of investment, while encouraging Sino-foreign joint ventures or solely foreign-owned companies to build up highways and ports, and encouraging joint ventures to build up railroads and civil airports (excluding the aviation management system), the state will allow investors to engage in comprehensive compensation trade within a preset scope in districts along railroad lines and high-grade highways, and in port areas.

The year 1993 is one in which China's communications construction is striving to extricate itself from a low ebb and to make major breakthroughs. Under the guidance

of the state's macroeconomic policies to check the "bottleneck" restrictions and with the backing of huge funds designated by the state, the country now is gradually improving the conditions of national trunk lines, including thoroughfares for coal transportation centering on energy bases in the "three Xi's [Shanxi, Shaanxi, and western Mongolia]"; passenger transport thoroughfares centering around large and medium-sized cities; and trunk transportation lines among all major economic regions and with foreign countries. In addition, the country also is striving to coordinate the operation of water, land, and air transportation. At present, the framework of China's comprehensive communications network—which consists of trunk lines, feeder lines, ports, and station hubs—has taken initial shape.

Construction of Expressways Increased

OW0501114594 Beijing XINHUA in English 1126 GMT 5 Jan 94

[Text] Beijing, January 5 (XINHUA)—With the inauguration of the Jinan-Qingdao expressway a few days ago in east China's Shandong Province, China last year extended the length of its expressways to 1,293 km, according to the "CHINA COMMUNICATIONS" [ZHONGGUO JIAOTONG] newspaper.

The Ministry of Communications decided to construct expressways at the beginning of the 1980s when the country's economy began to boom.

Building of the first one started in 1984 in northeast China, from Shenyang to Dalian. After its completion in 1990, the 375-km-long road brought with it great economic and social efficiency.

The ministry made a long-term program in 1988 to build a national highway network in several five-year plan periods. Since then, some expressways have been built from Guangzhou to Foshan, Xian to Lintong, Beijing to Tianjin and Beijing to Shijiazhuang.

Several expressways from Shanghai to Nanjing, Guangzhou to Shenzhen and Hangzhou to Ningbo are now under construction.

These expressways have given an impetus to the local economic development along these roads. Some industrial zones and economic development areas have arisen along the routes.

National Women Workers Meeting Opens in Beijing

OW0501151294 Beijing XINHUA in English 1448 GMT 5 Jan 94

[Text] Beijing, January 5 (XINHUA)—Trade union leaders today called on women workers to bring their roles into full play in the country's economic construction.

They were addressing the opening session of the Second National Women Workers Committee of the All-China Federation of Trade Unions (ACFTU).

Xue Zhaojun, vice-chairman of the ACFTU, presided over the meeting and was elected chairman of the Second Women Workers Committee.

The National Women Workers Committee directly under the ACFTU was founded in 1991. So far, similar committees have been set up in all the 30 provinces, autonomous regions and municipalities across the country.

According to statistics from ten of the provinces, the economic returns created by women workers over the past five years amounted to 4.3 billion yuan. This came about because women workers provided 3.87 million suggestions, increased productivity, practiced economy and carried out technical innovations.

The meeting called for close attention to be paid to protecting the legal rights and special interests of women workers, and to raising their abilities.

Wei Jianxing, chairman of the ACFTU, and other union leaders also attended and made speeches at today's meeting.

Agriculture Minister Speaks on Crops, Rural Economy

OW0501135194 Beijing XINHUA Domestic Service in Chinese 1001 GMT 5 Jan 94

[By reporters Pu Liye (5543 4539 2814) and Zhao Lianqing (6392 6647 1987)]

[Text] Beijing, 5 Jan (XINHUA)—Addressing the national conference on agriculture which opened today, Minister of Agriculture Liu Jiang said that the objectives set for China's agriculture and rural economy are to steadily increase peasants' incomes and the effective supply of agricultural goods, and to deepen rural reform; revitalize agricultural production through science and technology; and continue to expedite agricultural and economic development in rural areas through stabilizing the party's policies for rural areas.

Those attending the conference are directors of departments (or bureaus) in charge of agriculture, animal husbandry, aquatic production, agricultural reclamation, township enterprises, and farm machinery in all provinces, autonomous regions, municipalities directly under the central government, and cities authorized to have independent economic plans; as well as representatives from various sectors. The meeting's main agenda is to examine the current situation of agricultural production and rural economy; study ways to implement the guidelines laid down by the Third Plenary Session of the 14th CPC Central Committee, the central conference on rural affairs, and the national economic conference; and draw up priorities of and major measures for deepening rural

reform and accelerating agricultural and rural economic development in 1994 and beyond.

The specific targets that Liu Jiang put forward at the meeting for agricultural production and rural economic projects this year are: Grain output should exceed 450 million tonnes, cotton output should reach 4.85 million tonnes, and the output of oil-bearing crops should exceed 17 million tonnes; the output of meat, fowl, eggs, milk, aquatic products, vegetables, and fruit should increase substantially; the gross agricultural output should increase 4 percent; revenue from township enterprises' sales and taxes on profits should increase 25 and 19 percent, respectively; and peasants' per capita net income should increase 5 percent.

Liu Jiang stressed that this year the government will give priority to these three projects, namely increasing peasants' incomes, in reforming rural areas' economic structure, and in promoting rural economic development. Liu Jiang said: Increasing peasants' incomes constitutes the core of agriculture and rural economic work today as well as for the rest of the 1990's. The way to increase peasants' incomes is to deepen reform and speed up development. While paying attention to increasing peasants' incomes, we must continue to act firmly to reduce their burdens and accelerate various developmental projects meant to help the poor. To deepen the reform of the rural economic structure, the government will give priority to developing the market, improving the market system, providing stronger guidance, support, protection, and regulation for agriculture; and speeding up the development of economic operating mechanisms and managerial systems in rural areas compatible with the development of the socialist market economy. To ensure their economic development, the rural areas must make great efforts to develop efficient agriculture that produces quality goods in large quantities, to increase the output of nonstaple food, to extensively process agricultural goods and diversify their use, and to help township enterprises develop in a highly efficient [gao xiao 7559 2400], sustained, and healthy manner.

Liu Jiang said that agricultural and rural economic projects' emphasis should be placed on the following three areas:

First, steadily increasing grain and cotton output. Liu Jiang said: To ensure an adequate grain supply, we must stabilize acreage, improve the production mix, improve quality, and increase the unit yield this year. The sown acreage must be at least 1.65 billion mu. Efforts should be made to readjust the plan in various regions and the types of crops that they grow so that there will be large acreage for rice, wheat, corn, soybeans, and miscellaneous crops of good quality. Preferential measures should be taken so that the principal grain-producing regions can stabilize their grain production. As for cotton production, we must be determined to reverse the unfavorable trend, reinstate the former acreage, draw up rational plans, and increase the unit yield so that the level of a normal year can be maintained.

Second, we must make great efforts to develop the production of nonstaple foods. As for animal husbandry, we must stabilize pig production and increase the percentage of fowl as well as the beef and mutton output among the total meat production. As for fisheries, efforts should be made to develop aquatic breeding and to increase the output of well-known, special, and quality products as well as new products. The comprehensive control of diseases of prawns and other aquatic products must be properly organized. Efforts should be made to control prawn disease as quickly as possible. As for vegetable production, the size of acreage in the outskirts devoted to vegetables must be maintained, a system for ensuring vegetable acreage should be established, and efforts should be made so that vegetable acreage will not be misused.

Third, great efforts must be made to develop township and town enterprises. The development of these enterprises should be directed at increasing economic returns; the development should be compatible with the state's industrial policy; and the relationships between growth and returns, between quantity and quality, and between development and improvement must be properly handled. Township and town enterprises in the east should be restructured so that they can yield higher returns and are export-oriented. Their industrial structure and product mix must be readjusted so that their technology will be higher, the quality of their goods will be better, their operating size will be larger, and their returns will be higher. We must speed up the development of township and town enterprises in central and western China and speed up the formulation of the "Demonstrative Projects on Cooperation Between Township and Town Enterprises in Eastern and Western China." The first group of demonstrative projects must be finalized early this year.

State Farms Score 'Big Achievements' in Production

OW0601074194 Beijing XINHUA in English 0724
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—China's state land reclamation farms have scored big achievements in both agricultural and industrial production.

Last year, they reported good harvests in all fields. Cotton output reached 400,000 tons, 6.3 percent up over the previous year and providing 10 percent of the total in the country. Exports of soybeans from these areas accounted for 30 percent of the national total.

With the growth of agriculture, industry and the service sector, the state-owned farms scattered in various parts of the country such as Xinjiang, Heilongjiang and Yunnan produced a gross domestic product of 84.4 billion yuan (over 10 billion U.S. dollars) last year, with tax and profits amounting to 4 billion yuan, respectively 15 and 30 percent more than the previous year.

The total farm production value is expected to be 26.3 billion yuan (about 3.3 billion U.S. dollars) in 1993, a 4 percent increase over 1992. The farms' total production of grain and soybeans was over 10 million tons last year.

Industrial firms owned by the farms produced a total industrial value of 42.968 billion yuan (over 5.4 billion U.S. dollars) in 1993, up 12 percent over 1992, and the sales volume reached 40.967 billion yuan (about 5.12 billion U.S. dollars).

The service sector involving farm technology, commerce, real estate and tourism also made headway.

The farms have set up 675 export-oriented enterprises.

Last year, foreign investment in the farms reached 570 million U.S. dollars, 117 percent higher than in the previous year. The farms exported 5 billion yuan worth of commodities, up by 8.8 percent over 1992.

Rural Industries' Grow at 'Fast But Stable Pace'

OW0601092694 Beijing XINHUA in English 0908
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—China's township and village enterprises continued to grow at "a fast but stable pace" last year.

Qi Jingfa, director of the Rural Enterprise Administration Department of the Ministry of Agriculture, said the rural firms earned a total profit of about 160 billion yuan (28 billion U.S. dollars according to the then official exchange rate) last year, while handing over to the state another 95 billion yuan (16.6 billion U.S. dollars).

The figure represents an increase of 70 percent over the previous year's 150 billion yuan.

He put the total output value produced last year by the country's 20 million rural firms at an estimated 2,900 billion yuan, compared with 1,650 billion yuan in 1992, up 75.7 percent.

The official said the rural firms in the developing middle and western part of China expanded rapidly and in the developed coastal areas the rural firms made big progress in developing export-oriented economy and improving their efficiency and quality of products.

The total output value of exported goods manufactured by rural firms last year is estimated at 190 billion yuan, about 60 percent more than in the previous year. They accounted for 45 percent of the country's total commodities purchased for export.

The director said the scale of rural firms and total investment continued to grow, adding that the number of rural firms whose gross output value exceeded 100 million yuan increased from 256 in 1992 to 400 in 1993.

About 300 rural firms each sold more than 100 million yuan worth of their products in 1993. Nearly 100 firms became the biggest export goods producers among rural

firms; each of them produced more than 100 million yuan worth of exported goods.

In addition, ownership and management reforms are progressing across the country, with 10 percent of the 20 million rural firms introducing a share-holding or cooperative system.

"Mergers, auctions, transfers of ownership, and filing for bankruptcy have been introduced on a trial basis among China's rural firms," said the official.

It is estimated that rural firms hired an additional six million rural laborers last year, increasing the total number of rural firm employees to 112 million.

Qi said that about 60 percent of the net per capita income of 900 million Chinese farmers came from rural firms.

According to him, a lack of funds and specialized personnel is among outstanding problems facing the rural firms.

He warned that rural firms in China will have to face more challenges coming from growing competition in and outside China.

The introduction of the modern enterprise system to state-owned enterprises, one third of which are now

running at a loss, will give full play to their advantages in technology, management, capital and specialized personnel.

In comparison, some advantages of rural firms will gradually be weakened. And the government's reform plans for this year, including reform of existing financial, taxation, investment and foreign trade systems, will have positive impacts on the rural firms in general. But some changes will affect rural firms adversely, the official said.

He cited as an example the fact that China is streamlining its tax rates, saying that rural firms will pay more taxes than before.

China's rural industry, which was a few years ago described by Deng Xiaoping as "a new force suddenly coming to the fore", has been growing at 30-50 percent each year since 1980.

Rural firms accounted for 31 percent of China's gross industrial output in 1992, becoming the fast growing sector of the country's economy.

Both the central and local governments have encouraged in recent years the development of rural enterprises. The policy was designed by the government to promote rural development, improve farmers' income and absorb the huge number of surplus rural laborers.

Surplus rural laborers in China now number about 100 million, a figure expected to double by the year 2000.

China has set the total output value of the rural firms for the year 2000 at 7,600 billion yuan, with a profit of 750 billion yuan and creation of 50 million new jobs.

East Region

Fujian Province Seeks Increased Exports

OW0601091294 Beijing XINHUA in English 0857
GMT 6 Jan 94

[Text] Beijing, January 6 (XINHUA)—Southeast China's Fujian Province has vowed to expand export-oriented economy this year, the "INTERNATIONAL BUSINESS" [GOUJI SHANGBAO] reported.

According to Jia Qinglin, the provincial governor, Fujian's gross domestic product is expected to reach 91 billion yuan this year, an increase of at least 11 percent over last year. The province will invest 33 billion yuan in fixed assets, up 21.3 percent.

The province plans to export seven billion U.S. dollars worth of goods this year and actually use 3.5 billion U.S. dollars of foreign investment, up 16.7 percent. Included will be direct foreign investment climbing to 3.2 billion U.S. dollars.

The professional newspaper noted that Fujian will turn 30 percent of its foreign trade companies into companies with limited liability or joint stock companies this year.

Foreign trade organizations are encouraged to develop into economic entities and enterprise groups as joint ventures, cooperatives and share-holding and investment development companies.

One of the ancestral homes for overseas Chinese, Fujian will take advantage of its superior position close to Taiwan and Hong Kong to expand foreign economy this year.

Jiangsu Opening, Reform 'Doing Well'

OW0601023394 Beijing XINHUA in English 0150
GMT 6 Jan 94

["Roundup": "Opening, Reform Doing Well in Jiangsu"]

[Text] Nanjing, January 6 (XINHUA)—Further opening up and growth of the export-oriented economy over the past year have greatly speeded up the process of adopting international practices in east China's Jiangsu Province.

One of the most developed provinces in China, Jiangsu is leading the country in attracting foreign funds and conducting import and export trade.

According to official statistics, more than 9,000 joint ventures were approved in the province in 1993, involving total foreign funds of more than 2.5 billion U.S. dollars, doubling the figure and 69.5 percent more than that in 1992, respectively.

Meanwhile, more well-known international giant companies, such as Philips of the Netherlands, the Sweden-based Ericsson Telecom, the Toyota Tsusho Corporation

of Japan and Siemens of Germany, have come to Jiangsu to establish factories and invest.

Ye Jian, director of the Jiangsu Foreign Trade and Economic Commission, said that the investment fields have been expanded greatly since last year, and the technological structure has been improved at the same time.

He noted that more and more foreign investment has been poured into such fields as computers, laser videos, telecommunications, transportation and software over the past few years.

In the past, foreign investors chose co-operative partners among a mass of Chinese companies, Ye said, but now Chinese firms seek foreign partners at their own initiative.

In order to adopt international practices as soon as possible, the province has made great efforts to expand its foreign trade by distributing rights to foreign trade to lower levels over the past few years.

Not only are more firms at the city and county levels conducting import and export directly, some scientific research institutes and universities now enjoy the same rights.

Expanded foreign trade has resulted in a remarkable growth in the import and export volume of the province. An estimated over 5.6 billion U.S. dollars of export value was recorded in the past year, up 17.8 percent over 1992.

In the process of further opening up and economic internationalization, economic development zones in the province play important roles, official sources said.

According to official statistics, by the end of 1993 some 2,154 foreign-funded companies had been established in the zones, with a total investment of some 5.56 billion U.S. dollars.

In the meantime, some 2.19 billion yuan (about 251 million U.S. dollars) had been paid in profits taxes by those companies.

In addition, the province's economic development zones, mostly located along the Chang Jiang River, have played a key role in boosting the development of the economic belt along the river, Ye said.

Ye added that he believed that Jiangsu would maintain its leading position in opening up and developing its export-oriented economy this year.

Jiangsu 'Leading' Rural Industrial Development

OW0501015394 Beijing XINHUA in English 0123
GMT 5 Jan 94

[Text] Nanjing, January 5 (XINHUA)—East China's Jiangsu Province is still leading the country in rural industrial development.

A survey shows that the output value generated by rural industrial enterprises surpassed 400 billion yuan in 1993, ranking first among all provinces and autonomous regions.

The output value of Suzhou, Wuxi, Changzhou and Zhenjiang Cities, where rural industries are developing more rapidly, accounted for three-fourths of the province's total rural industrial output value.

Known as the "Kingdom of Rural Enterprises," Jiangsu started to popularize the share-holding system and cooperation in rural areas last year.

By the end of last November, more than 2,600 rural enterprises had tried out the system and 68 rural enterprise groups had been established.

Shandong Secretary Views People's Congress Work

SK0601095594 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 5 Jan 94

[Text] At the provincial people's congress work conference held on 5 January, Jiang Chunyun, secretary of the provincial party committee, stressed: Under the new situation of establishing and perfecting the socialist market economic system, all levels of people's congresses in the province should comprehensively implement the guidelines of the 14th party congress and the third plenary session of the 14th CPC Central Committee under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, should conscientiously perform the duties entrusted on them by the Constitution and laws under the leadership of all levels of party committees, should energetically strengthen the construction of the socialist democracy and the legal system, should accelerate the drawing up of local regulations, and should strengthen supervision over the enforcement of laws in order to play a positive role in promoting the establishment of the socialist market economic system and in ensuring the sustained, rapid, and sound development of the socialist modernization.

In his speech, Jiang Chunyun fully affirmed the numerous and fruitful achievements scored by all levels of people's congresses in ensuring and promoting the province's reform and opening up as well as modernization. Jiang Chunyun said: At present, China's socialist modernization has entered a new development stage and it is now at a critical moment. All party members, cadres, and masses, all party and government leading cadres at various levels in particular, must further enhance their understanding of the important position and role of the people's congress work under the new situation from the high plane of stabilizing the state, vitalizing the nation, developing undertakings, and promoting social progress. Also, they must exploit, in an even more conscious and positive manner, the important role of people's congresses at all levels in building the socialist material and spiritual civilizations.

Jiang Chunyun pointed out: At present and during the foreseeable future, we should focus the people's congress work on drawing up local regulations, economic regulations in particular, and on drawing up as quickly as possible a number of local rules and regulations that are suitable for the demands of developing the socialist market economy in order to form within five years the initial form for a basic framework of the legal system that will ensure the orderly operation of the socialist market economy. We should further strengthen the supervisory function of people's congresses to ensure the materialization of the general goals and general tasks of the party. At present, we should give prominence to the supervision of law enforcement to ensure the effective implementation of the Constitution and laws. At present, the supervision of law enforcement should be focused on solving the problems of refusing to abide by existing laws, enforcing laws in a relaxed manner, refusing to deal with law breakers, using powers to replace laws and suppress laws, and taking bribes in violation of laws. We should actually give play to the role of people's congresses in opposing corruption and improving administrative honesty. Practice shows that one of the reasons for the emergence of some unhealthy trends and corrupt phenomena among party and government organs lies in the imperfect legal system and the lack of necessary supervision. The powers not subject to supervision will certainly lead to corruption. Focusing on using the legal system to eliminate corruption and improving administrative honesty, all levels of people's congresses and their standing committees should rapidly draw up and perfect the rules and regulations related to improving administrative honesty and should use rules and regulations to standardize and restrict the behavior of party and government organs and workers. We should give full play to the role of people's congresses and actually strengthen the building of people's congresses. We should also use a new idea, a new attitude, a new style of work, and new behavior to create first-class people's congress work and to meet the demands of new situations and new tasks.

Li Zhen, chairman of the provincial people's congress standing committee, presided over the conference. Attending the conference were Li Chunting, deputy secretary of the provincial party committee and vice governor of the province; Li Wenquan, deputy secretary of the provincial party committee; Lu Maozeng, chairman of the provincial committee of the Chinese People's Political Consultative Conference; Tan Fude, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission; responsible comrades of the provincial people's congress standing committee, the provincial higher people's court, and the provincial people's procuratorate; responsible comrades of various city and prefectural party committees; responsible comrades of various city people's congress standing committees; chairmen and secretaries general of various prefectural people's congress work committees; and responsible comrades of the pertinent departments directly under the provincial authorities.

Shanghai Development Zone Enjoys Success*OW0501142394 Beijing XINHUA in English 1357
GMT 5 Jan 94*

[Text] Shanghai, January 5 (XINHUA)—Enterprises in Shanghai's Minhang Economic and Technology Development Zone, now only 2.13 sq km in size, made record profits over the past year.

Situated in suburban Shanghai, the 90 industrial establishments operating in the zone registered five billion yuan in gross industrial output, 328 million U.S. dollars in export earnings and 1.372 billion yuan in profits tax, according to the local authorities.

In other words, for every one yuan invested in infrastructure, this 2.13-sq-km zone attracted 4.26 U.S. dollars of investment, earned 5.08 U.S. dollars in foreign exchange, turned out 75.28 yuan in gross industrial output and created 20.2 yuan in profits tax.

A local official attributed the success to the zone's policy of placing priority on the quality of projects introduced. The zone was designed to be built into a high-tech base when it was founded in 1986. Most of the products manufactured there are hot-sellers on the international market, such as computer discs, laser devices and medical products.

The official said 37 percent of the operations and investors have decided to plow their profits back to enlarge the scale of production.

Construction is now going smoothly for a 1.37-sq-km expansion of the zone.

Shanghai's Financial Sector To Press Ahead*OW0501114094 Beijing XINHUA in English 1120
GMT 5 Jan 94*

[Text] Shanghai, January 5 (XINHUA)—Restructuring will enable the financial sector to become the fastest-growing economic sector in 1994 in Shanghai, China's leading manufacturing and commercial center, according to local economists.

An official of the Shanghai branch of the People's Bank of China (PBC), the country's central bank, said that Shanghai's financial sector has been operating normally as a result of the campaign to rectify the financial order nationwide.

Statistics released by the branch showed that the amount of savings deposits in the city in the first 11 months of 1993 were 33.8 billion yuan (about 3.88 billion U.S. dollars) more than that at the end of 1992.

During that period, the amount of loans extended by various banks in Shanghai was 23.1 billion yuan more than in the whole of 1992.

Various financial markets were bullish in 1993, the official said. For example, trading in the Shanghai foreign exchange swap center, the largest of its kind in the country, was heavy last year, with nearly 500 billion yuan changing hands.

Mao Yingliang, director of the PBC Shanghai branch, said, "the stability and prosperity of the financial sector has not only helped Shanghai achieve a sustainable, fast and healthy economic growth, but also has paved the way for its own further restructuring in the new year."

He described 1993 as a "year of the reform" for the city's financial sector.

In the new year various state-owned specialized banks will become commercial banks by pursuing what Mao called "risk-related management." Competition will be encouraged among these banks, Mao said.

Moreover, credit co-ops in both urban and rural areas will be turned into co-operative banks this year so as to better help spur the growth of the local economy, he said.

He said that the Shanghai municipal authorities have decided to permit 26 foreign-funded financial institutions to handle business in Chinese currency this year, but within a government-prescribed range.

The governor said that Shanghai will try even harder this year to turn itself into a national financial center.

The China Foreign Exchange Trading Center is expected to open in Shanghai in early 1994 to form unified quotations nationwide.

Furthermore, a gold exchange that will adapt to the global market will open later this year, Mao said, adding that both gold jewelry and gold bullion will be traded on the new exchange.

He said, "we are also going to expand and improve short-term treasury bond market, inter-bank lending and borrowing market and other monetary markets in the new year."

Shanghai Port Sees Traffic Increase in 1993*OW0601120194 Beijing XINHUA in English 1113
GMT 6 Jan 94*

[Text] Shanghai, January 6 (XINHUA)—Shanghai, China's largest port, handled imports and exports totaling 12.72 billion U.S. dollars in 1993, up 30 percent from the year before.

An official of the municipal Commission of Foreign Trade and Economic Cooperation said that exports from Shanghai, the country's leading manufacturing center, climbed nearly 13 percent in 1993 to 7.38 billion U.S. dollars.

The municipal government decided to take all possible measures to boost exports, considered a driving force behind the city's economic growth, the official said.

Large-scale construction and development have kept Shanghai's import demand rising, he said.

As a result, imports soared by almost 67 percent last year to 5.34 billion dollars.

The official said that imported technology, equipment and raw materials helped Shanghai step up its infrastructure construction, retool its aging enterprises and promote production of foreign-funded businesses.

He expected Shanghai's imports and exports to grow further in the new year. Exports are projected to shoot up by 15 percent to 8.47 billion dollars in 1994, while imports are expected to rise by around 15 percent.

Central-South Region

Shenzhen Said To Face Personnel Reshuffle

HK0601071194 Hong Kong MING PAO in Chinese 23 Dec 93 p 9

[By special reporter Wang Lin (3769 3829): "Major Personnel Reshuffles Are Expected in Shenzhen, and Fu Rui, Peng Zhen's Son, Is Reportedly to Replace Li Youwei"]

[Text] According to an informed source in Shenzhen, the long pending alleged "big reshuffle" at the leading level of Shenzhen City, will take place soon. It has now been decided that among the outgoing officials are Li Youwei, party secretary and mayor of the city; Li Zhuanfang (female) and Li Guangzhen, vice mayors; Yang Guanghui, member of the Standing Committee of Shenzhen CPC Committee and head of the propaganda department; and Liang Dajun, member of the Standing Committee of Shenzhen CPC Committee and head of the public security bureau.

The informed source disclosed that Fu Rui, son of CPC elder Peng Zhen, will replace Li Youwei as city party secretary. Fu Rui is currently Standing Committee member of the Guangdong CPC Committee and head of the committee's organization department. It is very likely that the office of mayor will be taken temporarily by Wang Zhongfu, the vice mayor. Li Decheng, general manager of the Shenzhen State-Owned Assets Management Company, and Wang Ju, party secretary of Longgang District, will replace Li Guangzhen and Li Zhuanfang respectively as vice mayors. It has been decided that the new chief of the city public security bureau will be He Jinghuan, former director of the political department of the provincial public security bureau. The new head of the propaganda department is Shao Hanqing (female), who has already taken office.

The informed source said that the big personnel reshuffle at the leading level in Shenzhen this time is a rarely seen large-scale personnel adjustment since the founding of the special economic zone. The direct cause is that in the past two years, Shenzhen experienced a series of fires and explosions, exemplified by the big explosion at the

dangerous goods warehouse at Clear Water River on 5 August 1993 and the big fire in the town of Kui Yong on 19 November the same year.

According to information, the investigation report on the big explosion at Clear Water River, [Qingshui He] prepared by the central investigation team, pointed out that Shenzhen City CPC Committee, Shenzhen City government, and Shenzhen City public security bureau all had responsibility for the incident. Since then, news on a reshuffle of the leading levels of Shenzhen have kept coming. The informed source said that the reshuffle this time is precisely an embodiment of the spirit of "taking responsibility," even though several personnel are retiring due to age, such as Li Guangzhen and Yang Guanghui.

Li Decheng, who is considered to be one of the candidates for vice mayor, was transferred from the north several years ago. The Shenzhen State-Owned Assets Management Company, of which he is the general manager, is in fact the chief housekeeper of state-run enterprises in the whole city, and has a very important position. He has recently been promoted to the position of member of the Standing Committee of Shenzhen City CPC Committee. It is generally held that he will replace Vice Mayor Li Guangzhen, to oversee the departments of commerce, foreign trade, and ports. Wang Ju, who is currently the party secretary of Longgang District, was a cadre in Shenzhen when Liang Xiang was the boss, and is considered an "elder having served three bosses," and he has continuously worked in the departments overseeing capital construction. He is also a Standing Committee member of the city party committee, and it is believed that he will take over from Vice Mayor Li Zhuanfang, who has overseen urban construction. Shao Hanqing, who is the new head of the propaganda department of the city party committee, has served as assistant to the mayor, and it is generally believed that she will be promoted to the Standing Committee of Shenzhen City CPC Committee upon the official retirement of Yang Guanghui to become the "strong woman" at the most senior level in the city. He Jinghuan, who has taken over from Liang Dajun, has already moved into his office, and his official position is party secretary of the city's public security bureau; it is expected that he will be promoted to the Standing Committee soon, and will be assigned to the post of the head of the public security bureau by the people's congress next year.

Among the outgoing officials, Li Guangzhen, Yang Guanghui, and Liang Dajun will retire, and they will probably go to the city people's congress or the city committee of the Chinese People's Political Consultative Conference, to take some symbolic posts. Li Zhuanfang has yet to reach the age of retirement, and it has been alleged that she will come to Hong Kong to take charge of the Shenye Group Company. It is still undecided where Li Youwei will go after he leaves the posts of city party secretary and mayor. It has been alleged that he will go

overseas. He left Shenzhen at the end of last month, and the official explanation is that he is in Beijing to "undergo surgery."

Hainan Holds Meeting on Corrupt Official

HK0601063294 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 24 Dec 93

[Excerpts] On the morning of 24 December, the provincial party committee held a meeting for party cadres. Provincial Secretary and Governor Ruan Chongwu chaired the meeting. Present were leading cadres at the deputy-provincial-level and above, including Du Qinglin, Yao Wenxu, and Chen Yuyi. (Xu Liwen), chief of the investigation team of the Central Discipline Inspection Commission, made a special trip to Hainan from Beijing. He attended the meeting and listened to a report on how Li Shanyou, former deputy secretary general of the provincial government office, framed a person. [passage omitted]

The participants pointed out Li Shanyou's expulsion from the party, his removal from all posts, and the legal punishment meted out to him were justified, adding that all cadres should learn a lesson from him, strengthen their ideological remodeling, and wield their powers for the interests of the party and the people.

Ruan Chongwu spoke at the meeting. He pointed: Li Shanyou has degenerated into a bad element and a criminal. What he did violated party and government discipline. Now he has been expelled from the party and removed from all his posts. He will be given punishment according to law. [passage omitted]

Henan Meets on Implementation of Teachers Law

HK0601063094 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 24 Dec 93

[Text] Yesterday the provincial government called a telephone meeting on the implementation of the Teachers Law. At this meeting, Vice Governor Zhang Shiyang requested all localities to focus their efforts on improving teachers' working conditions, standard of living, as well as political and professional quality, on strengthening their contingent, and on protecting their legitimate rights and interests in the course of implementing the Teachers Law.

He pointed out: A prominent problem at present is the arrears of wages for secondary and primary school teachers since the end of last year. From Teachers' Day to the end of November, the arrears of wages for secondary and primary school teachers throughout the province totaled 108 million yuan, involving almost 200,000 teachers in more than 80 cities, counties, and prefectures, causing big difficulties to these teachers' lives and serious influence to educational work, particularly rural compulsory education. All localities should

take this problem into serious account, party and government leaders at all levels should pay personal attention to it, and the relevant departments should closely coordinate with each other. All kinds of necessary measures should be taken and different channels should be used to pay these wages before the implementation of the Teachers Law, so that these teachers can spend the New Year happily. At the same time, measures should be taken to prevent the recurrence of the same problem. If arrears of wages for teachers occur after the Teachers Law comes into force on 1 January 1994, the relevant leaders will be held responsible for this according to law.

Zhang Shiyang also set requirements for supervising implementation of the Teachers Law.

Hubei Secretary Addresses Provincial Congress

Delivers Work Report

HK0601114094 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 24 Dec 93

[Excerpts] The Sixth Hubei Provincial CPC Congress was inaugurated solemnly in Wuchang's Hongshan Auditorium at 0900 this morning. [passage omitted]

Members of the standing committee of the congress' presidium were seated in the front row on the rostrum. These included: Guan Guangfu [secretary of the provincial party committee], Jia Zhijie [governor], Hui Liangyu [chairman of the provincial committee of the Chinese People's Political Consultative Conference], Qian Yunlu, Zhong Shuqiao, Ding Fengying [secretary of the provincial discipline inspection commission], Zheng Yunfei, Li Daqiang, Wang Zhongnong, Liu Guoyu [commander of the provincial military district], Liu Rongli, and Chen Ming [chairman of the provincial advisory committee]. Wang Xudong, deputy director of the CPC Central Committee Organization Department, also was seated in the front row on the rostrum. [passage omitted]

On behalf of the Fifth Hubei Provincial CPC Committee, Guan Guangfu delivered a work report amid warm applause. He said: The current congress will strive to accomplish the following tasks: 1) To implement conscientiously the spirit of the 14th CPC Congress and the spirit of the Third Plenary Session of the 14th CPC Central Committee under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; 2) To review and sum up Hubei's practice and experience over the last five years, and especially its experience over the last decade, since the reform and opening up; 3) To define clearly the future tasks and goals; 4) To elect a new provincial party committee and a new provincial discipline inspection commission; 5) To mobilize the broad masses of party members, cadres, and people in Hubei to further emancipate their minds; open up new vistas; forge ahead into the future; firmly grasp the current historic opportunity; vigorously press ahead with reform and opening up; push Hubei's economic development onto a new stage; and

achieve the grand goal of having a comparatively well-off livelihood in Hubei by the end of the century.

Guan Guangfu's work report was entitled "Emancipate the Mind, Grasp Opportunities, Vigorously Push Ahead With Reform and Opening Up, Strive To Attain the Grand Goal of Achieving a Comparatively Well-off Livelihood in Hubei at a Faster Pace!" It was divided into the following three parts: 1) A Review of Past Five Years; 2) Strategic Goals and Main Tasks for the 1990s; 3) Step Up Party Building and Improve Party Leadership. The work report contained approximately 25,000 characters.

Reviewing Hubei's work over the past five years, Guan Guangfu said: Over the past five years, the broad masses of cadres and people in Hubei have implemented comprehensively the party's basic line; have acquired an in-depth understanding of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; have further emancipated their minds; have made constant efforts to explore, in light of Hubei's realities, new ways and means aimed at deepening reform, expediting development, and smoothly attaining the strategic goal of making Hubei rise in central China; have persistently deepened all reforms; have further expanded opening up to the outside world; have gradually accelerated the pace of economic development; and correspondingly have improved people's livelihood. Over the past five years, party committees at all levels in Hubei have grasped persistently and simultaneously the two key aspects of work; have taken the overall situation into account; and have united and guided the broad masses of party members, cadres, and people in unswervingly forging ahead and constantly opening up new vistas.

After fully affirming Hubei's achievements in four main sectors in the last five years, Guan Guangfu stated: Now that the entire country is accelerating the pace of reform and opening up, and now that many fraternal provinces and municipalities are accelerating their economic development, we face increasingly keen market competition. Should we fail to accelerate our own development, we soon will find ourselves lagging behind. In view of this situation, we should strive to develop a sense of crisis, of urgency, of historical responsibility; we should seize each and every opportunity; accelerate development; catch up with and overtake others; safeguard Hubei's position as a strong industrial base; and live up to the ardent expectations of the more than 50 million diligent and talented Hubei people.

Guan Guangfu maintained that Hubei's practice over the past five years has fully attested to the great importance of adhering to the party's basic line under the guidance of the theory of building socialism with Chinese characteristics. We should work in a creative manner and in light of Hubei's realities. Speaking specifically, we should focus on the following six work aspects: 1) To vigorously step up theoretical study and ideological transformation and to constantly emancipate our minds and seek truth from facts; 2) To more clearly

understand that development is the last word [fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810] and to unswervingly unify speed, efficiency, and reserve strength; 3) To deepen reform, expand opening up, and build a socialist market economic structure in a more expeditious manner; 4) To make overall arrangements and constantly optimize Hubei's train of thought and strategic layout; 5) To continually allow overall policies to create a micro-atmosphere and bring into full play the enthusiasm and creativity of all areas and all quarters; 6) To carry out party building successfully and to grasp both key aspects of work firmly and at the same time.

Speaking of Hubei's strategic goals and main tasks for the 1990s, Guan Guangfu observed: In the 1990s, Hubei should strive to attain the following 11 basic goals: 1) To maintain average annual gross national product growth at or above 9.2 percent; 2) To gradually push economic growth onto three new stages; 3) To have tasks outlined in the province's eighth five-year plan fulfilled by 1994—one year ahead of schedule; 4) To have gross national product quadrupled by 1997—three years ahead of schedule; 5) To raise gross national product to more than 200 billion yuan on the basis of constant prices recorded in 1990; 6) To rapidly raise total rural social output value, industrial output value, and tertiary industrial output value; 7) To raise the technical and equipment level of all major trades and professions to or near the country's advanced level; 8) To strengthen overall scientific and technological capacity by a large margin; 9) To have nine-year compulsory education basically implemented, juvenile illiteracy eradicated, and labor quality comprehensively improved across the province; 10) To extend afforestation and improve the ecological environment to a great extent; 11) To raise the net per capita income of peasants to 1,400 yuan, eradicate poverty in poverty-stricken areas, and raise the average net per capita subsistence income of urban residents by 6 percent or more annually.

Guan Guangfu stated: In order to attain all grand goals set for the 1990s, we should make every possible endeavor to accomplish the following 13 major tasks: 1) To vigorously press ahead with all reforms; 2) To rapidly build a socialist market economic structure; 3) To expeditiously expand opening up to the outside world; 4) To energetically expand the proportion of the export-oriented economy; 5) To readjust and optimize the economic structure; 6) To improve the overall provincial national economic quality, as well as its structural efficiency; 7) To further perfect the province's regional economic layout by devoting more energies to developing and exploiting the Changjiang economic belt; 8) To comprehensively implement the strategy of developing Hubei by virtue of scientific, technological, and educational development; 9) To actively and persistently build socialist democracy and the legal system; 10) To firmly grasp both key aspects of work at the same time; 11) To step up socialist spiritual civilization building; 12) To conscientiously implement all basic national policies, such as family planning, land management, and

environmental protection; 13) To constantly heighten people's living standards and improve the quality of their livelihood.

Speaking of stepping up party building and improving party leadership, Guan Guangfu noted: Stepping up party building and improving party leadership are the key to enabling Hubei to enter the market economy orbit, to attain the desired economic construction goals, to consolidate and develop a lively political situation of stability and unity, and to promote two-civilizations building to a new stage. Thus we should make unrestrained efforts to concentrate on the following nine work aspects: 1) To profoundly study the theory of building socialism with Chinese characteristics; 2) To build strong leading bodies, as well as competent contingents of cadres; 3) To step up the building of party style and clean government and resolutely further the anticorruption struggle; 4) To build strong party organizations, as well as competent contingents of party members at the grassroots level; 5) To persist in the system of democratic centralism and strengthen vitality of the party organizations; 6) To strengthen leadership over propaganda and ideological work, and create a favorable social and public-opinion environment for reform, opening up, and economic construction; 7) Party committees at all levels in Hubei should adhere to economic construction as the center, take overall interests into account, and have the overall situation well in hand; 8) To strengthen unity within the party and among the whole people so as to consolidate and develop a patriotic united front in the new historical period; 9) To constantly improve work style, seek truth, and carry out work in a down-to-earth and thoroughgoing manner.

Guan Guangfu concluded: As we are facing onerous tasks and shouldering heavy responsibilities in the 1990s, we should implement the spirit of the 14th CPC Congress and the spirit of the Third Plenary Session of the 14th CPC Central Committee in an in-depth manner; mobilize the broad masses of party members and people in Hubei; work with one heart and one mind; constantly strive to become stronger; vigorously forge ahead into the future and improve work; firmly grasp the current golden opportunity; bring about a historic revolution with regard to reform and opening up, a great leap forward in economic construction, and gradual improvement of people's livelihood; strive to successfully fulfill all tasks laid down at the current congress; and greet the forthcoming 21st century with a new attitude!

Also sitting on the rostrum were: Han Ningfu, Liu Huinong, Ni Erzhong, Li Wei, Sen Yinluo, and some other veteran comrades who were invited to attend the congress, as well as figures from the provincial branches of various democratic parties and well-known figures without party affiliation, including Shen Kechang, Zhou Zibai, Dai Jianneng, Ping Linbo, Wang Zizuo, Han Nanpeng, and others, all of whom were invited to attend the congress as guests. In addition, persons in charge of the relevant party institutions also attended the congress as non-voting delegates.

Calls For 'Dynamic Reform'

HK0601114594 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 26 Dec 93

[Text] In a report to the sixth provincial party congress, Comrade Guan Guangfu pointed out that to fulfill the grand objective for the 1990's, there is a need to have more dynamic reform and to expedite the establishment of the socialist market economy structure. He said: The 14th CPC Congress and the Third Plenary Session of the 14th CPC Central Committee laid down the basic framework of the socialist market economy structure. A series of reform measures has been or will be announced. In accordance with the unified central arrangements, we should be bold and good at making overall progress and at bringing about breakthroughs in focal points in light of Hubei's specific conditions.

1. We must emancipate our minds significantly, really understand that the fundamental task of socialism is to emancipate the productive forces, uphold the basic standard of the three favorable's, and free ourselves from all sorts of ideological binds resulting from the abstract debate over whether something being done is of a socialist or capitalist nature.

2. We must make a major move in terms of policy, thoroughly rid ourselves of the influence of the traditional planned economic structure, and in the planning, financial, monetary, commercial, and trade fields, we should work out a set of rules, regulations, and methods corresponding to the market economy.

3. In action, we must produce actual results and develop the spirit of being bold in blazing new trails. In macro-economic management and microeconomic invigoration, we must do well. For these reasons, we must do the following jobs successfully, and in accordance with the realities in Hubei: 1) While focusing on improving large and medium-sized state enterprises, we must expedite the establishment of a modern enterprise system; 2) We must cultivate and develop a market system so as to form a uniform, open, competitive, and orderly market; 3) We must expedite institutional reform, transform government functions, and make a success of macroeconomic regulation and control; 4) We must actively carry out financial and taxation structural reform and must establish a local financial and taxation system; 5) We must deepen investment structural reform and strengthen the formation of a local investment structure; 6) We must widen the avenues leading to fund sources and strive to turn Hubei into the country's fund pool.

Hubei Secretary Addresses Plenary Session

HK0501141594 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 28 Dec 93

[Text] Provincial party committee Secretary Guan Guangfu today delivered an important speech at the First Plenary Session of the Sixth Hubei Provincial CPC Committee. He said: Now that the Sixth Hubei Provincial CPC Congress has completely fulfilled its agenda

and the First Plenary Session of the Sixth Hubei Provincial CPC Committee has elected the members, secretary, and deputy secretaries of the standing committee of the provincial party committee, we have accomplished the task of forming such a collective leading body as the Sixth Hubei Provincial CPC Committee. We also have endorsed a list of members, secretary and deputy secretaries of the provincial discipline inspection commission standing committee who were elected at the First Plenary Session of the Hubei Provincial CPC Discipline Inspection Commission.

The fact that we have been elected members of the Sixth Hubei Provincial CPC Committee shows that the broad masses of party members and people in Hubei have placed their trust in us. At present, Hubei is at an important juncture of reform, opening up, and modernization building. So the newly elected Sixth Hubei Provincial CPC Committee has been entrusted with a glorious and arduous historical mission. We must rally closely around the CPC Central Committee with Comrade Jiang Zemin as the nucleus; conscientiously implement and carry out to the letter the spirit of the 14th CPC National Congress and the spirit of the Third Plenary Session of the 14th CPC Central Committee under the guidance of both Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; mobilize, organize, and lead the broad masses of party members, cadres, and people in Hubei to firmly seize the current historical opportunity and vigorously press ahead with reform and opening up; carry forward our cause; forge ahead into the future; make more progress and headway; strive to open up new vistas for Hubei's work by adopting a new mental attitude and a new style; fulfill all tasks laid down by the Sixth Hubei Provincial CPC Congress; and strive to live up to the trust of the party and the ardent expectations of the people.

Guan Guangfu also spelled out the following views on stepping up party building within the newly elected Sixth Hubei Provincial CPC Committee:

1. To strengthen the study of theory. At present, Guan Guangfu said, it is all the more imperative to study conscientiously Volume 3 of the *Selected Works of Deng Xiaoping*, as well as the spirit of the Third Plenary Session of the 14th CPC Central Committee, with a view to enhancing a sense of consciousness and of resolution with respect to implementing and carrying out the party's basic line and the party's principles and policies aimed at developing a socialist market economy; scientifically, systematically, farsightedly, and creatively carry out all types of work; and study new theories, especially market economic theories and modern science and technology, in light of the new conditions. It should be noted that as we are still far from proficient in these fields, we have yet to make redoubled efforts to catch up.

2. To carry out work in a realistic and down-to-earth manner. By pooling the wisdom of all, the Sixth Hubei

Provincial CPC Congress worked out a number of strategic goals and tasks for Hubei throughout the 1990s. Therefore, we should carry forward a revolutionary spirit of hard work, plain living, and selfless sacrifice in all types of work. First, we should strive to develop democracy, prudently make decisions on a scientific basis, and map out more realistic and feasible policies and measures. Second, we should combine collective leadership with division of work and responsibilities, clearly define responsibilities for major sectors, and enable cadres to assume personal responsibilities for their work. To this end, various prefectures, cities, and autonomous prefectures, as well as all major fronts, should firmly establish a system under which party committee standing committee members are assigned specific job-related responsibilities and are able to comprehend and tackle major issues in a timely fashion. Third, we should strengthen a sense of the overall situation and oppose selfish departmentalism. Fourth, cadres should assume personal responsibilities for their work and undertake to improve a feedback analysis system. Fifth, we should conscientiously carry out investigation and study, show more concern for grassroots work, dispatch more cadres to grassroots level, go deep among the broad masses of people as well as into the reality, acquire first-hand information about grassroots work, personally listen to views of the masses; study new situations, and tackle new problems. Sixth, we should bring into full play the roles of various functional departments; cut down on the number of entertainment activities in which provincial leaders are involved; and reduce the number of meetings, documents, and ordinary news reports. Members of the provincial party committee standing committee should concentrate more efforts on carrying out in-depth investigation and study, and on discussing and tackling major issues.

3. To persist in a democratic centralism system. To this end, first, we should persist in and perfect a system under which the provincial party committee standing committee makes regular work reports to the provincial party committee, and under which major decisions are made after exhaustive discussions among the standing committee members. Second, we should strengthen the provincial party committee standing committee's collective leadership. After the current plenary session, we should immediately convene a provincial party committee standing committee meeting at which we will study ways and means aimed at establishing and perfecting several basic work systems for the provincial party committee standing committee, including a standing committee meeting system, an investigation and study system, a work responsibility system, a personnel appointment and removal system, a diligent and honest government system, and so on. We also should work out a number of specific, applicable, and detailed rules and regulations; improve democratic activities; carry out criticism and self-criticism; and constantly enhance unity within the standing committee. Members

of the provincial party committee and standing committee should listen modestly to views from different quarters and should consciously accept supervision by the party and people.

4. To resolutely carry on a protracted struggle against corruption and build a clean government. The newly elected Sixth Hubei Provincial CPC Committee must strive to withstand the test confronting the ruling party and the test of reform and opening up, and should make resolute and unswerving efforts to build a diligent and clean government and oppose all sorts of corrupt phenomena. In accordance with the spirit of the instructions of the CPC Central Committee and the State Council on opposing corruption and building a clean government, I would like to propose the following rules and regulations. I do hope that leading cadres at all levels in Hubei will set a good example in observing them: 1) Leading cadres should take the lead in observing all five regulations promulgated by the central authorities on performing official duties honestly and abiding strictly by the law; 2) Leading cadres should take the lead in carrying forward the tradition and style of hard work and plain living, and in opposing all types of extravagance and waste; 3) Leading cadres should avoid using luxury cars and taking large entourages, and should spend money and have meals according to relevant regulations whenever they go down to the grass-roots level; 4) Leading cadres should not try to build, decorate, or occupy residences in violation of relevant regulations; 5) Leading cadres should use cars in accordance with the relevant regulations and should not purchase luxury cars or replace old cars with luxury models without official approval. As the New Year and the Lunar New Year are coming, all provincial party committee members should set a good example in performing official duties honestly and abiding strictly by the law.

5. To firmly adhere to economic construction as the center, strive to deepen reform and expand opening up, take overall interests into account, strengthen coordination among all parties concerned, and make a success of Hubei's work with the support of the broad masses of cadres and people.

North Region

Reportage on Activities of Beijing Secretary

Attends Students' Congress

SK0601023894 Beijing BEIJING RIBAO in Chinese
10 Dec 93 p 1

[By reporters Ji Tao (4764 3447) and Li Botao (2621 3134 3447): "Foster Lofty Ideals, Study Knowledge, Improve Skills, and Strive To Become Trans-Century Talented People"]

[Excerpts] The ninth day of December marked the 58th anniversary of the "9 December" movement. The Beijing Municipal Students' Federation ceremoniously held

its seventh congress on that date. Chen Xitong, Zhang Jianmin, Li Zhijian, Chen Guangwen, Jiang Daming, Wang Tong, Ouyang Wenan, Yang Chaoshi, Tao Xiping, Hu Zhaoguang, Feng Mingwei, Chen Dabai, and Yao Wang attended the opening ceremony. [passage omitted]

The municipal students' federation now has 900 member units. In the past four years, 160,000 college and high school students in Beijing applied to join the party, 14,016 students joined party organizations, and 2,817 students became national or municipal three-good students.

Chen Xitong gave a speech at the congress. He said: I attended the congress of the students' federation four years ago. Rapid and great changes have taken place in these four years. I would like to hold a heart-to-heart talk with you students. I will speak on three questions for your discussion: 1) what is the most lofty and beautiful people's ideal, 2) how should they turn this ideal into reality, and 3) how should they work to achieve this ideal.

Chen Xitong said: These are important questions on why people live. Everyone has his own ideal. In my opinion, rather than the ideal to make a few people affluent and happy, no ideal is loftier than the one to let all Chinese people lead affluent lives. Such a lofty ideal is a communist ideal, and those who fight for it are good youths. Of course, we should acknowledge our backwardness, but never should we be resigned to it. Only those who do down-to-earth work in order to change backwardness comprise the backbone of China, and youths should embrace only the idea of changing backwardness as the concept on life. Chen Xitong also said: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics clearly indicates the road we should take. On the road of building socialism, young students should acquire knowledge well and master skills. Only by so doing can they have the strength to work hard. They must never be "lazy in youth lest they regret in old age."

Signs Municipal Project Agreement

SK0601092594 Beijing BEIJING RIBAO in Chinese
11 Dec 93 p 1

[Excerpts] The agreement signing ceremony on the construction of the second-phase project of Beijing's Dongfang Square—one of the big municipal projects to invite business and investments—was held at Diaoyutai state guesthouse yesterday. Government of Dongcheng District and representatives of Hong Kong Huixian Investment Company, Ltd. signed the agreements respectively. Chen Xitong, secretary of Beijing Municipal party committee, Deng Nan, vice minister of the state commission for science and technology, and Zhang Baifa and Wang Baosen, executive vice mayors, attended the signing ceremony.

Before the signing ceremony, Chen Xitong and other leaders met with the noted Hong Kong entrepreneurs, including Li Jiacheng, Dong Jianhua and Li Hanzhao.

Chen Xitong extended welcome to the friends from Hong Kong who came to conduct cooperation. He said: Viewed on a long-term basis, Beijing will become a more open, modern city. I think many people will notice this. At present, Beijing has approved of the establishment of over 7,000 of the three types of foreign-funded enterprises. We welcome more people to come and stage their performances in the "arena" of Beijing and to conduct emulations. We will support those who run fast in the race. The second-phase Dongfang Square construction project jointly built by Dongcheng District and Hong Kong Huixian Investment Company, Ltd. is a huge project. It is hoped that both sides will conduct more consultations, maintain close cooperation and do a good job in designing this project. The Beijing construction team is capable of undertaking formidable tasks. We will spare no effort to support this team in starting construction and finishing it early. Chen Xitong said: China is thriving and marching towards the goal of becoming better-off with great confidence. Beijing is a developing city. Over the past few years, it has completed a construction area of more than 10 million square meters every year, of which, 5 million square meters are residential homes. However, the most arduous task in attaining the goal of becoming well-off is the housing problem. Your willingness to actively participate in the capital's housing construction projects in addition to your investments and cooperation in some large items are greatly welcomed. [passage omitted]

Tie Ying, Huang Chao and Huang Jicheng and other municipal leaders also attended the signing ceremony and meeting.

Attends Tree Planting Meeting

*SK0601023594 Beijing BEIJING RIBAO in Chinese
11 Dec 93 p 1*

[By reporter Bai Fuyi (4101 4395 5030) of Beijing People's Broadcasting Station and BEIJING RIBAO Reporter Liu Zhengfei (0491 2973 7236): "Accelerate Tree Planting and Realize the Goal of Making the Municipality's Tree Coverage Rate 40 Percent"]

[Excerpts] Yesterday, the municipal government held its 26th executive meeting to adopt in principle the opinions of the office under the capital's greening committee on making the whole municipality's tree coverage rate reach 40 percent. Chen Xitong, secretary of the municipal party committee, and Mayor Li Qiyang gave important speeches. [passage omitted]

In his speech, Chen Xitong pointed out: It is not easy to make the whole municipality's tree coverage rate reach 40 percent. Leaders at all levels and various departments must hold responsibility to the people, formulate good plans and guarantee their implementation. Leaders at all levels must enhance their sense of making the municipality green. In addition to clearing up the occupied wooded areas and forbidding the people from occupying greenbelt areas, they should also tap the tree-planting

potential. At present, many units can plant trees and flowers in their neighborhoods but they fail to do so, therefore, they have great potential for planting trees. Starting from each and every street, we should investigate the tree planting potential of all units along the street and urge them to plant more trees, to speed up their efforts in tree planting and to do good things for the people. It is necessary to resolutely stop the act of damaging trees because this is the most uncivilized. Strenuous efforts should be made to plant trees in major areas and along road bridges.

In his speech, Li Qiyang pointed out: Enabling the tree coverage rate to reach 40 percent is one of the important tasks of realizing the goal of becoming well-off. We should share the tasks with the lower levels, conduct inspection every year, and must not settle accounts during the last minute. The key to realizing the tree-planting target lies in the city proper. It is difficult to plant trees in the city proper. If we fail to do a good job in planting trees in the city proper, greenbelt areas will be encroached upon rather than expanded upon. If the city proper can guarantee the fulfillment of the greening task, the suburban and outlying areas will also be able to fulfill their tasks. All relevant departments should support this.

The meeting also heard briefings given by the municipal planning commission on the municipality's key construction items next year.

Chen Guangwen, deputy secretary of the municipal party committee; Zhang Baokang, Ouyang Wenan, Yang Chaoshi and Qiang Wei, members of the standing committee of the municipal party committee; Li Yongan, secretary of the municipal discipline inspection commission; Ren Tieying, vice chairman of the municipal people's congress standing committee; and Feng Mingwei, vice chairman of the municipal committee of the Chinese People's Political Consultative Conference, also attended the meeting.

Inspects Commodity Prices

*SK0601093294 Beijing BEIJING RIBAO in Chinese 22
Dec 93 p 1*

[By reporters Wu Xiangzhong (0702 0686 0022), Xi Weihang (1598 0251 5300), and Sun Yushan (1327 3768 1472): "Commodities Are Ample, Markets Stable, and Supplies Good"]

[Excerpts] On the afternoon of 21 December, leaders of the municipal party committee, people's congress standing committee, government, committee of the Chinese People's Political Consultative Conference, and discipline inspection commission formed four teams to inspect Beijing's work of stabilizing prices of grain, oil, vegetables, eggs, and meat. Over the past few days, all districts in the municipality have conscientiously implemented the arrangements of the emergency conference of the municipal government and the measures for stabilizing prices. They rapidly stabilized prices in two days,

thus winning the support of the masses. The markets have been stable, commodities ample, and supplies good.

Chen Xitong, secretary of the municipal party committee, emphasized: We should intensify inspection and rely on the supervision by the masses to ensure that measures for stabilizing grain, oil, vegetable, egg, and meat prices are conscientiously implemented. Workers of grain departments have worked hard, and some of them receive a low income. We should conduct earnest investigation and study and pool efforts from various fields to change such a situation through reform. Mayor Li Qiyuan emphasized that the present inspection proved that the municipality is determined to stabilize prices and to set the people's minds at ease for happy New Year and Spring Festival.

Chen Xitong, Ouyang Wenan, Meng Zhiyuan, Meng Xuenong, and Fan Yuanmou conducted inspection in Chongwen and Fengtai Districts. All the grain and oil shops and markets of farm products implemented the regulations on price ceilings, and all people and retailers expressed understanding and support. [passage omitted]

On that morning when inspecting environmental sanitation, Chen Xitong did not forget to inspect prices and listen to the masses' opinions. In a market of farm products on the Hepingli Middle Street, an old teacher met with the former mayor and said frankly: "Vegetable prices have dropped today when you are conducting inspection. They will go up right after you leave." Chen Xitong said to her: "Inspections by the municipality and various districts are necessary, but people's supervision is more important. You may report whenever you discover wanton price hikes, calling Mayor Li Qiyuan, Vice Mayor Zhang Baifa, or me." An old comrade went forward and said: "What if the telephone line is dead?" Chen Xitong said: "You may write letters." "Can you receive the letters?" Chen Xitong said: "Yes, we can. Please rest assured." When a person said that the noodle price of the Qingniangou no. 1 grain shop was higher than the price ceiling, Chen Xitong immediately ordered Dongcheng District leaders to inspect and handle this matter. Some retailers talked about their views on the price difference between wholesale and retail sale and on fixing prices according to quality. Chen Xitong asked pertinent departments to conscientiously study and handle these issues. [passage omitted]

Beijing Mayor Addresses 2d Plenary Meeting

SK0601093394 Beijing BEIJING RIBAO in Chinese 25 Dec 93 p 1

[By reporter Sun Yushan (1327 3768 1472): "Emancipate the Mind, Seize the Opportunity to Accelerate Reform, Opening Up, and Economic Development, and Strive To Achieve A Fairly Comfortable Standard of Living Ahead of Schedule"]

[Excerpt] The municipal government held its second plenary meeting on 24 December. It relayed the guidelines of the national economic work conference and made initial arrangements for Beijing's 1994 reform and development based on the requirements of the "decision" of the Third Plenary Session of the 14th Party Central Committee and the national economic work conference. Chen Xitong, secretary of the municipal party committee, attended the meeting, and Mayor Li Qiyuan gave a report.

Li Qiyuan relayed the major guidelines of the national economic work conference and spoke on Beijing's 1993 economic work. He said: This year is the first year for the new municipal government to carry out its work. Thanks to the correct leadership of the party Central Committee, the State Council, and the municipal party committee and the support of the various democratic parties and friends outside the party, the people throughout the municipality have conscientiously studied Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, adhered to the party's basic line, and, based on Beijing's specific conditions, further emancipated the mind and comprehensively accelerated reform and opening up with new ideas and large-scale measures. Thanks to the good foundation laid by the previous government, the economy has developed in a sustained, rapid, and healthy manner, and it is certain that the goal of "making this year's achievements surpass last year's" will be attained.

Li Qiyuan said: Beijing's gross domestic product is expected to reach 84.5 billion yuan this year, up 11.8 percent in terms of comparable prices. We conquered the catastrophic drought unheard of in 50 years to make this year the 16th bumper harvest year in a row. Grain per-unit yield and total output set new records, the production of a wide range of farm and sideline products increased, and market supplies were ample. The output value of township enterprises is expected at 56.8 billion yuan, up 53.3 percent from the preceding year. In industry, we overcame numerous unfavorable factors to maintain a fairly high growth rate. Industrial output value is expected at 124 billion yuan. Economic benefits grew basically at the same pace with production, industrial technology advanced more rapidly, adjustment of industrial composition was accelerated, readily marketable new products increased, and product quality improved. The tertiary industry developed continuously, and construction of large commercial and service facilities and development of new trades were expedited. The proportion of the tertiary industry is expected to reach 46.3 percent, nearly 2 percentage points higher than in the preceding year. Local revenue is expected at 8.41 billion yuan, up 4.8 percent. Markets were brisk, and retail sales are expected at more than 54 billion yuan, up 27 percent.

Li Qiyuan said: Urban construction was expedited in the past year, and, with a large number of key water, electricity, gas, and heat supply projects, roads, and telecommunication projects completed, eye-catching

changes took place in urban and rural areas. The expressway to the Shoudu Airport, the renovation of the east third ring road, Guangning Road, the Beijing section of Beijing-Shijiazhuang Expressway, and Migu road were completed and opened to traffic. The Beijing key post and telecommunication project passed state inspection. Construction of the large Jingtang Harbor, Beijing west railway station, and Gaobeidian sewage treatment plant, and other key projects proceeded smoothly. Houses totaling 10 million square meters in floor space are expected to complete in urban and rural areas, of which 6 million square meters will be residential houses. New achievements were also won in tree planting to green and beautify the city.

Li Qiyang said: The municipality achieved new progress in science and education. Urban and rural people's living standard was raised to a new level. The increase in urban people's per capita cost of living income is expected to be 8 percentage points higher than price increase, and peasants' per capita income is expected at 2,123 yuan. New breakthroughs were made in the reform focusing on establishing the socialist market economy system and transforming enterprises' operating mechanism. The endeavor of opening to the outside world developed in unprecedented range and quality.

Speaking on the initial arrangements for next year's economic work, Li Qiyang said: Next year is an extremely important year for comprehensively implementing the "decision" of the Third Plenary Session of the 14th party Central Committee and establishing the socialist market economy system more rapidly. It is also a crucial year for accelerating the socialist modernization of the capital and striving for a fairly comfortable standard of living three years ahead of schedule. Based on the guidelines and arrangements of the national economic work conference, the municipal government has conducted repeated study of next year's economic work. The basic idea for next year's economic work is to emancipate the mind, seize the opportunity to accelerate reform, opening up, and economic development, and strive for the fairly comfortable standard of living three years ahead of schedule. Emphasis should be placed on the following work next year. First, focusing on establishing the modern enterprise system and macroeconomic regulating and control system, we should establish the socialist market economy system more rapidly. Second, We should open wider to the outside world to achieve a new breakthrough in using foreign capital. Third, we should optimize the industrial composition, improve economic efficiency, and maintain the good trend of rapid development in urban and rural economy. Fourth, we should have the greatest determination and devote utmost efforts to speed up construction of urban infrastructural facilities and raise the modernization level of urban and rural areas. Fifth, we should develop the advantage in our status as the national capital and accelerate scientific and technological progress and personnel training.

Li Qiyang emphasized: To complete next year's work smoothly, leading cadres at all levels should keep their understanding in pace with the developing situation. They should, first of all, further emancipate their minds. In accelerating the establishment of the new system of the socialist market economy and the capital's modernization drive, we will face many unprecedented new tasks, and bold explorations are urgently needed. Whether the urban and rural economy, reform, and opening up of the capital can be developed greatly is determined by whether leading cadres at all levels can greatly emancipate their minds. Some leading cadres still fail to fully emancipate their minds. This problem remains conspicuous in some aspects. How should they further emancipate their minds? Based on Beijing's reality, leading cadres at all levels should further emancipate their minds concerning the endeavors of extending the degree of reform and opening wider to the outside world, with the focus on establishing the new system of the socialist market economy more rapidly. They should emancipate their minds to resolve the difficulties and problems in economic development and to meet the requirements for achieving sustained, rapid, and healthy economic development and the fairly comfortable standard of living ahead of schedule. When their minds are emancipated and when they truly proceed from Beijing's reality, they will have new ideas and adopt large-scale measures to promote Beijing's work continuously. [passage omitted]

Hebei Secretary Attends State Security's Opening

SK0601093794 Shijiazhuang HEBEI RIBAO in Chinese 8 Dec 93 p 1

[By reporter Lou Zhenxu (1236 3791 7312): "The Provincial State Security Department Is Formally Established"]

[Text] The state security department of Hebei Province was formally established and began handling official business on 7 December. Attending the inaugural ceremony were Provincial Leaders Cheng Weigao, Ye Liansong, Lu Chuanzan, Li Wenshan, Chen Yujie, Chen Liyou, Xu Yongyue, and Zhao Jinduo. Responsible persons of the Ministry of State Security also attended the ceremony.

Hebei Suspect's Relatives Beat Policemen

HK0601100894 Beijing FAZHI RIBAO in Chinese 20 Dec 93 p

[Report by Zhang Wenrui (1728 2429 3843): "Police-men Beaten, Police Cars Smashed While Performing a Mission in Shahe City, Hebei Province"]

[Text] On the afternoon of 5 November, a serious case of hindering the execution of a public mission occurred in the city of Shahe, in Hebei Province. The procuratorial

officers performing this mission were besieged for nine hours and were beaten, while eight police cars were smashed.

At around 1700 on the afternoon of 5 November 1993, a team of 10 officers from Handan's Wuan People's Procuratorate in Hebei traveled in three police cars to Shahe, Xingtai to arrest the accused, Hao Benliang, according to law and to search his house. Hao Benliang was the deputy director and accountant of a private ore-dressing plant in Wuan's Shimen village. In doing business with Hao Xiangxian, a Shimen villager who was also director of the ore-dressing plant, Hao Benliang's involvement in tax evasion was affirmed. Hao Xiangxian was arrested on 1 November, but Hao Benliang escaped.

The officers of the Wuan People's Procuratorate searched Hao Benliang's house in accordance with legal procedures, finding some bills and 12,000 yuan in cash. At that moment, Hao Benliang's son threatened the officers with two knives. Hao's daughter tore up the bills and cash that had been discovered, which made it difficult for the search to proceed. The Wuan procuratorial officers decided to leave. Hao's wife, son, and daughter stopped them and smashed two police cars, which further caused a further deterioration in the situation. The procuratorial officers then decided to take Hao's wife to the office of the Wuan People's Procuratorate.

At 1830, a police car and four policemen were besieged by villagers who were unaware of the truth. Hao Benliang's son pulled two policemen out of their car, beating, kicking, and handcuffing them. When the officers were taken to the courtyard of the village committee, Hao's son and son-in-law continued to beat the two officers until they broke their batons. At around 2300, the two officers were gagged and blindfolded, and were driven into the wilderness, where they were beaten for four hours, resulting in serious injuries.

During this period, the leaders of the Wuan People's Procuratorate led more than 30 officers to the village in six police cars. The following announcement was made over loud speakers: "All villagers: Officers of the Wuan People's Procuratorate have come. Come out immediately!" At that moment, all the officers were besieged by hundreds of villagers. The head and political instructor of the village police station ordered that the road be blocked with a police car and with a bulldozer from a nearby ore-dressing plant. As he stopped the procuratorial officers, the six police cars were damaged. He aimed his pistol at the procuratorial officers and said: "All officers must get out and no one may leave!" The political commissar of the Shahe Public Security Bureau and a deputy chief of the city's procuratorate rushed to the scene. They decided to move the vehicles to the police station, which avoided further damages.

To quell the incident as early as possible, Hao Benliang's wife was sent back to the village and the two detained officers were released, thanks to the proposals made by

the Shahe Public Security Bureau and Procuratorate. It was already 0700 the next morning. The released officers were sent immediately to the Handan Hospital for treatment.

Public opinion here paid close attention to this incident, believing that the practice of a defendant's relatives detaining and beating procuratorial officers, smashing cars, and inciting mass trouble constituted a serious crime of hindering a public mission, which had an adverse influence. In the struggle to sternly attack serious economic and other crime, it is absolutely necessary to seriously handle and punish people who are involved in inciting trouble.

Inner Mongolia Secretary on Higher Education

SK0601115094 Hohhot NEIMENGGU RIBAO in Chinese 16 Dec 93 p 1

[By reporter Mu Yajun (4476 0068 6511) "Deepen the Reform and Accelerate the Training of 'Four Haves' Talented Personnel"]

[Text] On the afternoon of 14 December the "Yifulou" meeting room of Neimenggu University was brilliantly illuminated, in which Wang Qun, secretary of the autonomous regional party committee; Wang Zhan, deputy secretary of the autonomous regional party committee; and Zhao Zhihong, vice chairman of the autonomous regional people's government; listened to the report given by the university on its eight-year plan for striving to join in the state "211 project" by deepening the reform and accelerating its construction and development. These leading personnel also delivered their important speeches at the gathering.

Neimenggu University is the only key higher educational institution of the autonomous region. Over the past 36 years, it has turned out 15,118 graduates of various categories for the state and the autonomous region. In order to meet the challenge of world technical revolution and to accelerate the development of higher education in the country, the state put forward the enforcement of "211 project" in 1992, in which the state urged localities across the country to successfully foster 100 key universities and a large number of courses so as to enable the teaching quality and scientific research and management to reach the higher level both at home and broad as much as possible in the beginning of next century. The autonomous regional party committee and people's government have attached great importance on this project and decided to support Neimenggu University to strive to join in the state "211 project." Over the past six months, the university has formulated its eight-year plan for construction and development by making careful preparations and conducting repeated studies and multiple appraisals in the fields of schooling scale, establishing specialized courses, and making more investments in school. In line with the plan, the university's student number will increase from more than 4,000 at present to

7,000 by the beginning of next century and its specialized courses' number will increase from 27 at present to 44. It will have 19 new courses for master-degree students and five new courses for doctor-degree students. Its graduate students' number will reach to 500 and its standards of key courses, teaching, and scientific research will reach to the advanced levels both at home and abroad.

After hearing the report Wang Qun fully acknowledged the work done by the university and delivered an important speech on the issue of how to operate a socialist university with Chinese characteristics and how to train transcentury talented personnel. He said: We should never shake our will in upholding the party's education line and the socialist schooling orientation and in training "four haves" new successors. At present we should earnestly and successfully study Volume 3 of the *Selected Works of Deng Xiaoping*, arm our minds with the socialist theory of building socialism with Chinese characteristics, and correct the weaker situation in the political work undertaken by the higher educational institutions. Efforts should be made to uphold the principle of scoring achievements in both political and professional work. He urged Neimenggu University to do a good job in taking the lead in this regard. Only by successfully studying Volume 3 of the *Selected Works of Deng Xiaoping*, defining the schooling orientation, fostering targets, can the university do a better job in various fields for striving to join in the "211 project" and lay a solid foundation for turning itself into an advanced socialist university with Chinese characteristics.

Wang Qun said: The task undertaken by the university in striving to join in the state "211 project" has been decided by the autonomous regional party committee and people's government. Thus, the university should only go ahead with the task without retrogression and only do a good job in the task without giving it up halfway. The task of joining in the state "211 project" requires a large amount of financial and material resources and represents a mission with hard work. Units from top to bottom should overcome difficulties together and do a good job in fulfilling the task because the autonomous regional party and people's government have made up their mind. Meanwhile, efforts should be made to uphold the spirit of seeking truth from facts and to refrain from separating the region's reality from the

task. Just following the spirit of "the Chinese People's Anti-Japanese Military and Political College", Neimenggu University has scored marked achievements in improving its former poor schooling conditions. Such a spirit should be carried forward forever and we should never cast away the spirit even if our schooling conditions have become good in the future.

Wang Qun pointed out: Various work cannot be separated from the programs of reform and opening up and so does the university in joining in the state "211 project". It should dare to pioneer and to try in the task and change its concept at present. First of all it should change its concept of running the university under the guidance of the planned economy. The university should have all its work meet the needs of building the market economy and train talented personnel for next century suitable to the economic development of China and Inner Mongolia. At present the region's college graduates are many and those who are suitable to the needs of developing the socialist market economy are few. In order to deal with the shortage of talented personnel in the region, it is imperative to accelerate the reform among the higher educational institutions. Neimenggu University should dare to pioneer and to try in the reform. It should tap its internal potential and while seeking development, it should also tap the potential in setting up cooperative programs with outside places. It should not only operate its activities in an open way but also set up its training courses in outside places. In conducting the teaching of some specialized courses, the higher educational institutions should regard enterprises as reliable partners and set up cooperative programs with economic and productive departments. In conducting scientific research, these educational institutions may have these departments define their courses and provide funds so that both of them can commonly achieve development. They should place the programs of developing and manufacturing high scientific and technological products on the first position and also strive to win support from various social circles. They should correctly deal with the relation between institutions' development and reform, stability so as to apply stability to ensuring development and to regard reform as a motive force in promoting development.

Wang Zhan and Zhao Zhihong also delivered their speeches at the gathering.

Taipei Agrees to 'High-Level' Talks in Beijing 31 Jan

HK0601110894 Hong Kong AFP in English 1058 GMT 6 Jan 94

[Text] Taipei, Jan 6 (AFP)—Taiwan and China have agreed to hold high-level talks in Beijing at the end of this month, following three rounds of unsuccessful negotiations to resolve disputes, a spokesman said Thursday.

Shih Chi-ping, spokesman of the semi-official Straits Exchange Foundation (SEF), said: "Our vice chairman, Chiao Jen-ho, will have a five-day meeting with his mainland counterpart Tang Shubei in Beijing beginning January 31 to discuss the operation of our two organizations and other issues."

But Shih emphasized that the meeting was not intended to discuss disputes directly and would not address the thorny issue of repatriating Chinese hijackers to the mainland. The hijacking issue and fishing disputes were major obstacles to the successful conclusion of three previous rounds of talks between SEF Chairman Koo Chen-fu and his mainland counterpart, Association for Relations Across the Taiwan Strait (ARATS) chairman Wang Daohan. The talks were bogged down on jurisdiction and sovereignty issues. The upcoming meeting is intended only to discuss the operations between the SEF and ARATS, Shih said.

But the spokesman said: "Mr. Chiao and Tang may exchange opinions on the hijackings and other general issues, which can help pave the way for the fourth round of talks in the future."

SEF officials said Chiao was expected to ask Tang to set aside sensitive political issues to facilitate progress in the

next round of talks. He will also try to talk Tang into agreeing that each side had its own jurisdiction right in handling various cases, they added.

The spate of hijackings—10 occurred in 1993—have emerged as a new source of friction between Beijing and Taipei, rivals since the communist government swept to power on the mainland in 1949 following a civil war and forced it nationalist opposition to Taiwan. Taiwan maintains that it has the jurisdiction to try and imprison hijackers, but China refuses to recognize such a right and insists that they must be repatriated.

SEF and ARATS were set up in 1990 as nominally private bodies to get around Taiwan's 44-year-old policy of no direct contact with Beijing. The chairmen of the two agencies held the first-ever talks in Singapore in April to find ways to improve cross strait ties and resolve certain disputes.

Official: Taipei To Alter Mainland Trade Policy

OW0601144894 Taipei Voice of Free China in English 0200 GMT 6 Jan 94

[From the "News" program]

[Text] Chairman of the Executive Yuan's Mainland Affairs Council [MAC] Huang Kun-hui on Wednesday [5 December] morning said that in order to maintain Taiwan's competitive edge, the government will in the future take a more liberalized stand on trade and economic dealings between the two sides of the Taiwan Strait.

However, he said that it did not mark a significant change in government policy.

Hong Kong

Government To 'Probably Table' 2d Electoral Bill

HK0501142994 Hong Kong RTHK Radio Four in English 1400 GMT 5 Jan 94

[From the "News at 10:00"]

[Text] The government will probably table a second electoral bill in the Legislative Council [Legco] in March. No decision has yet been taken on the form of the bill, although this matter will be considered by British ministers when the governor, Chris Patten, visits London later this month. Cliff Bale has this report:

[Bale] The government tabled a partial electoral bill in the Legislative Council last month. It's expected to be enacted by the end of February. Government officials insist that a second bill, focusing on the more controversial issues relating to the 1995 Legco elections, must be tabled shortly afterwards, which means probably in March. What's undecided is the form of the bill. There are several options: Mr. Patten's original blueprint, revised proposals put to China last year, or possibly some sort of compromise. This matter is set to be discussed during a meeting of the British Government's Cabinet Committee on Hong Kong, which according to British sources, will meet during Mr. Patten's visit to London later this month.

Lu Ping on Nullification of Three-Tier Structure

HK0601062294 Hong Kong TA KUNG PAO in Chinese 6 Jan 94 p 1

["Special dispatch" by staff reporter Li Kuo-chung (2621 0948 1813): "Lu Ping Reiterates That Laws on the Term of Hong Kong's Three-Tier Structure Will Be Nullified in 1997"]

[Text] Beijing, 5 Jan—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, reiterated today: The laws on the term of the two municipal councils and the district boards, which are a component part of the Hong Kong political structure, must be nullified after 1997. Nobody has the right to stipulate that the three-tier councils can transit beyond 1997. The nullification of the relevant laws will be announced by the National People's Congress [NPC] Standing Committee in the future. This is a policy of the Chinese Government.

In response to Chris Patten's remark that the Hong Kong and Macao Affairs Office's earlier statement ran counter to the Basic Law, Lu Ping said today: This is the policy of the Chinese Government because, although the district boards and the two municipal councils are not organs of power, they are a component part of the Hong Kong political structure. Therefore, the laws on the term of the three-tier structure, if they should go beyond 1997, will be null and void. Neither Chris Patten nor anybody else has the right to stipulate that the three-tier

councils may go beyond 1997. All these laws will, of course, be null and void. This is the policy of the Chinese Government. He added: As to when the announcement will be made and what law and provisions will be declared null and void, of course, this will be made by the NPC Standing Committee.

Lu also asked Patten to study the Basic Law well. "If one does not study well, one has no right to speak. It is necessary to study the Basic Law well and see what it says. People can see at a glance who on earth is violating the Basic Law."

As to the draft regulations on the airport corporation which the Hong Kong Government has just made public, Lu said: It is fine that the draft regulations on the airport corporation have been published. The Chinese side has made clear its hope that the British Hong Kong authorities will publish the regulations at an early date to let the vast numbers of residents air their views. After soliciting views from the various quarters, the Chinese side will consult the British Hong Kong authorities. Therefore, the current discussion of this issue by the Preliminary Work Committee [PWC] is a channel through which the Chinese side solicits views. The Chinese side hopes that the PWC will discuss this issue first and put forward its views and then we will continue to discuss this issue with the British side. At the end of the day, this is something which should be discussed by the Chinese and British sides because the Memorandum of Understanding stipulates this.

Asked whether Sino-British consultations on the airport will promote cooperation in other fields, Lu Ping reiterated: The Chinese side has always hoped to cooperate with the British side but this is not a unilateral issue. It hopes the British side will genuinely cooperate in all fields. Recently, some PWC members said they hoped to have contact with British Hong Kong officials. It goes without saying this is a very ordinary affair but the British Hong Kong authorities have obviously adopted an uncooperative attitude, not allowing any officials to have contact with PWC members.

Lu Ping asked in reply: "What's wrong with contacts? We should have contacts. If one is cooperative, one should not be afraid. What is there to be afraid of?"

PWC 'Invitation' on Airport Bill To Be Rejected

HK0601073094 Hong Kong RTHK Radio Four in English 0500 GMT 6 Jan 94

[From "News at One" program]

[Text] The Government says it will reject any invitation from the Preliminary Working Committee [PWC] to send officials to Beijing to answer questions about the new airport. At a news briefing, the Financial Secretary Sir Hamish Macleod said the Government had not yet been contacted by the PWC, but he ruled out accepting such an invitation under any circumstances.

[Begin Macleod recording] Our general stance is this: If people in Hong Kong have questions of clarification on the bill then, of course, they are welcome to put them and we will answer them. That is our normal stance: If people have questions, we'll answer the questions. But, there is no question of us sending people up to Beijing to appear before the PWC. [end recording]

Sir Hamish also said he expected the inflation rate to remain at the present level of around 8 percent during the next few years. He said the booming economy meant that there would be a surplus this year, despite his deficit budget, but he refused to speculate on how big the surplus might be.

Speaking in Beijing, the head of China's Hong Kong and Macao Affairs Office Lu Ping said it would be a sign of noncooperation if Hong Kong Government officials did not go to Beijing to explain details of the airport corporation bill. He said certain items in the bill were not clear and needed explanation from Hong Kong officials. Mr. Lu also said Chinese nationals born in Hong Kong will not lose their permanent residency if they emigrate to other countries. He was speaking one day after a senior government official warned that up to 400,000 Hong Kong Chinese residents could lose their right of abode in the territory. Cliff Bale has this report.

[Begin Bale recording] Principal Assistant Secretary for Security Simon Vickers told legislators yesterday that the setting up of strict criteria for permanent residents could mean many Hong Kong Chinese emigrants would lose their right of abode after 1997. Mr. Lu disputed this, saying that Chinese nationals who return to Hong Kong after emigrating would not lose their permanent residence, nor will they have to make an application to return here. Mr. Lu also expressed the hope that the criteria for non-Chinese nationals seeking permanent residence will be kept simple. He said he welcomed people from other countries to ensure that Hong Kong remained an international financial center. However, Mr. Lu also said this issue would have to be discussed further. This will be done by the Security Sub-Group of the Preliminary Working Committee, which starts a two-day session on Sunday. Several members have suggested that criteria such as property ownership, the ability to speak Cantonese, and having work or relatives in the territory should be used to determine whether a foreigner takes Hong Kong as his place of permanent residence. [end recording]

Mr. Lu also spoke about yesterday's invitation to government officials to visit Beijing to explain details of the airport corporation bill. He said that if they rejected the invitation, it would be a sign of noncooperation. Mr. Lu also said any final decision on the bill would rest with the airport committee under the Sino-British Joint Liaison Group.

Meetings 'To Accelerate' Preparations for 1997 Held

HK0601054794 Beijing CHINA DAILY in English
6 Jan 94 p 1

[By Xie Liangjun: "Hong Kong Power Transition Accelerated"]

[Text] A specialized preparatory group began meeting in Beijing yesterday in a move to accelerate preparations for the 1997 transition of power in Hong Kong.

Specialized panels from the Preliminary Work Committee for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) will address political, economic, legal, cultural, social and security issues.

The first meeting opened yesterday when some 20 members of the Economic Group began closed-door discussions at Beijing's Hong Kong and Macao Centre.

The other specialized panels are expected to begin meeting in the following days.

The series of parleys come nearly month after the cessation of marathon talks between China and Britain over Hong Kong's electoral arrangement in 1994 and 1995, and at a time when top Chinese authorities have called for intensified preparations for the 1997 transition.

Present at yesterday's Economic Group meeting was Lu Ping, Director of the Hong Kong and Macao Affairs Office of the State Council and Secretary-General of the Preliminary Work Committee.

The two-day Economic Group meeting will cover problems related to construction of the new Hong Kong airport and the development of large capital-construction projects in Hong Kong and on the mainland.

No details were given about yesterday's meeting.

In line with the Hong Kong Basic Law, the Preparatory Committee of the Hong Kong SAR will be established in 1996.

Patten To Review Sino-British Relations

HK0601100294 Hong Kong HSIN PAO in Chinese
5 Jan 94 p 2

[Report: "Hong Kong Governor To Return to Britain at the End of This Month To Report on His Work, Review Situation, Study Four Tactical Options With Top Hierarchy"]

[Text] Governor Patten said in an interview with our staff reporter yesterday that when he returns to Britain at the end of this month to report on his work, he will discuss with the top British hierarchy the situation and plans following the breakup of the Sino-British talks on the political system in Hong Kong and will further explore four tactical options for handling Sino-British

relations in the future. Patten said: Under circumstances where China and Britain cannot reach full agreement on the issue of the political system, the British side can still strive to reach a partial agreement with the Chinese side on the issue of the political system or reach an agreement on issues other than the political system, which states that each side goes its own way (agree to disagree).

A Chinese Foreign Ministry spokesman said last Friday that the talks could only be reopened if the Hong Kong Government revoked that part of the political reform bill submitted to the Legislative Council [Legco]. Responding to this statement, Patten pointed out: Legco has already started discussing part of the political reform bill, it is impossible for the Hong Kong Government to suddenly stop its legislative work, and the legislative process concerned process will continue until the end of February when Legco passes the bill. He said: The Chinese side knew months ago that the Hong Kong Government is facing a very big time constraint.

Partial Agreement on Political System Welcomed

Faced with a deadlock in which China and Britain still cannot reopen the talks, Patten said that when he returns to Britain at the end of this month to report on his work, he and Prime Minister Major, Foreign Secretary Hurd, and other cabinet members will review Sino-British relations following the suspension of the talks and plan for the next step of the legislative work on the electoral arrangements. He will also hold in-depth discussions with the top British leadership on four tactical options for handling Sino-British relations.

Patten said that he will attend a hearing held by the Parliamentary Foreign Affairs Committee and will discuss current Sino-British relations with Foreign Office officials. While in London, Patten will meet Robin McLaren, British ambassador to China and negotiator at the Sino-British talks, who has recovered from an illness, and will discuss the outlook for talks with him.

Patten said: Now, the top priority of the British side is still to strive to hold an 18th round of talks with the Chinese side and to strive to reach an agreement on the issues of the through train, the functional constituencies, and the electoral committee before the Hong Kong Government submits the remaining parts of its political reform bill to Legco. He pointed out that if both sides cannot reach a full agreement, he welcomes both sides trying to reach a partial agreement, for example, both sides could reach an agreement on one to two of the three large issues, namely, the through train, the functional constituencies, and the electoral committee to narrow the gap between both sides on the arrangements for the political system. For the British side, this is the second option.

However, Patten stressed: Even if the partial through train arrangement theoretically emerges, there has been hardly any sign so far that the Chinese side intends to

reach a partial agreement. Besides, he said, a partial agreement must contain factors which are reasonable and deserve to be upheld.

Vigorously Ensuring Other Kinds of Cooperation While Each Side Goes Its Own Way

Patten acknowledged that if both sides could not hold another round of talks, the British side must decide on the electoral arrangements on its own. The British side's third option is that both sides admit that there are differences over the political system, but that they can continue to cooperate with each other on issues other than the political system and can reach an agreement which states that each side is going its own way. He said: Even if China and Britain cannot reach agreement on political issues, it does not mean that both sides cannot reach any agreement on other issues, and an agreement which states that each side goes its own way, is, after all, better than no agreement. He added: It is always better to confine both sides' differences to a few political issues rather than spreading the political impact to other fields.

When talking about the British side's final option, that is, under a situation where there is no agreement, the Hong Kong Government unilaterally submits the remainder of the political reform bill to Legco for discussion, Patten said that it was his duty to exercise effective rule over Hong Kong and that he firmly believed that Legco members would not choose to do something which they deem incorrect merely because the Chinese side had threatened to cancel arrangements for the political system. Patten added: The Chinese side has warned that in 1997, they will cancel any arrangements on the political system with which Beijing does not agree, but different Chinese officials give different meanings to "cancellation." Patten said: The Hong Kong Government should not, at present, do anything to the detriment of the interests of Hong Kong merely because the Chinese side may do something to the detriment of the interests of Hong Kong in an uncertain future.

In the interview, Patten also commented on the preliminary work committee of the preparatory committee of the special administrative region and analyzed the prospects of Sino-Hong Kong cooperation and implementing a high degree of autonomy after 1997. In addition, he also talked about China's most-favored-nation status, Hong Kong's economic prospects, the financial reserves, the overheated real estate market, and other issues.

PRC Properties Offered For Sale in Hong Kong

WA0501195094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1217 GMT 18 Nov 93

[Summary] A large number of properties in China are being offered for sale in Hong Kong. According to statistics from an international property consultancy, in the last nine months, Shenzhen has offered commercial space with a total floor area of 876,894 square feet and Guangzhou has offered 702,505 square feet. In comparison, Shanghai offered commercial premises totalling

181,934 square feet in July and September alone. As for office premises, during the same period, Guangzhou has marketed a total floor area of 1,413,620 square feet, while Shenzhen and Shanghai have marketed 419,362 square feet and 438,726 square feet respectively. In the residential sector, Guangzhou has marketed a total floor area of 12,013,821 square feet, while Shanghai and Shenzhen have marketed 2,395,867 square feet and 2,043,697 square feet respectively.

PRC Firms Account For 65 Percent of Investment

WA0501200994 Hong Kong SOUTH CHINA
MORNING POST in English 29 Nov 93 p 1

[Summary] Five Chinese conglomerates account for nearly two thirds of the estimated \$20 billion of mainland investments in the territory, according to Anthony Russell, head of Hong Kong Bank's China Services department. Mr. Russell said that based on identifiable transactions, CITIC Pacific, China Resources Holdings, the Bank of China Group, China Travel Service (HK), and China Mercantile Holdings accounted for 65 percent of PRC investments in Hong Kong.

PRC Company To Issue Convertible Bonds

WA0501195994 Beijing ZHONGGUO XINWEN SHE
in Chinese 1342 GMT 1 Dec 93

[Summary] A wholly-owned subsidiary of China Overseas Development Limited has signed an agreement to issue \$125 million of convertible bonds, which will be listed on the Hong Kong and Luxembourg stock exchanges and offered to investors in Europe and Asia. Nomura International (Hong Kong) Limited is sponsoring the issue.

Sun Wenjie, chairman of China Overseas Development Limited, told journalists that the issue had met an enthusiastic response from investors in the world's leading financial centers and that the \$122 million raised by the issue would be used for real estate development and industrial investments in Hong Kong and mainland China.

BOC Hong Kong Branch Finances Mainland Projects

WA0501194594 Hong Kong TA KUNG PAO in Chinese
3 Nov 93 p 3

[Summary] The Bank of China Group is continuing to finance mainland infrastructure projects in the energy, transport, telecommunications, and raw material sectors as "supply shortages" in these areas were slowing economic development. According to the group's general manager in Hong Kong, the Bank of China is now directly involved in over 2,500 projects on the mainland and has advanced \$7 billion in loans, 39 percent of which are directed to energy projects such as the Daya Bay Nuclear Power Plant.

Hong Kong Investors Rank First in Shanghai

WA0501200494 Beijing ZHONGGUO XINWEN SHE
in English 1358 GMT 14 Dec 93

[Summary] Of Shanghai's 6,571 foreign-invested enterprises, nearly half have been invested in by Hong Kong businesses. By the end of November 1993, cumulative direct investment from Hong Kong had exceeded \$6.7 billion in 3,209 projects. In the first eleven months of 1993, Hong Kong investors provided \$4 billion in 1,551 projects, ranking Hong Kong first in the ranks of foreign investors ahead of Taiwan and the United States. According to statistics, Shanghai Municipality approved 3,200 investment projects with contracted foreign funds of \$6.647 billion between January and November 1993, a 29-percent rise over last year.

Hong Kong TV 'Urged' To Air BBC Mao Program

HK0601054394 Hong Kong SOUTH CHINA
MORNING POST in English 6 Jan 94 p 3

[By Belinda Wallis]

[Text] TVB has been urged by the writer and director of the controversial BBC documentary on Mao Zedong to screen the programme. The station has bought, but not scheduled for screening, the documentary, which triggered protests from China when the BBC showed it last month. Independent documentary maker Jeremy Bennett said TVB "should have the courage of their conviction to show the film".

TVB first saw the one-hour documentary at the MIDCOM television festival in Cannes in October where, according to the head of sales for the French company Teleimages which co-produced and sold the documentary, "every station in Hong Kong wanted to buy the programme". TVB was the highest bidder, and according to Mr. Bennett, one of the first places in the world to purchase the programme in November. But TVB now says it has not decided when, or even if, it will screen the programme.

The documentary, Mao, The Last Emperor, was bought for the English-language Pearl channel before the controversy exploded and the Chinese Government labelled it vicious slander.

Mr. Bennett said he had been told of direct pressure being placed on Portugal, Britain and Singapore not to show the programme. While Portugal had ignored warnings that it could hurt relations between the two countries over Macao and the BBC screened it on December 20, Singapore withdrew from purchasing the programme after warnings from China.

"I sincerely hope the TV station in Hong Kong will screen it. I don't see why the people of Hong Kong shouldn't see it, especially as this is such an important topic to them. I'm surprised they haven't already shown it," Mr. Bennett said. "Over 20 countries in the world,

including all major European countries, are seeing this film, so why should people in Hong Kong be deprived of seeing this when it is more important."

TVB spokesman Lily Chan said the station had not ruled out screening the contentious programme. She said the station had not talked to any Chinese officials about the

documentary and that it would not expect any interference from China. "We don't anticipate any pressure because there hasn't been any so far, so this should not be part of the consideration about when, or if, to screen it," she said. She said the controversy surrounding the documentary was not the only criteria when considering its screening.

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